

Joint Committee on Ways and Means

Carrier – House: Rep. Bailey
Carrier – Senate: Sen. Steiner Hayward

Revenue: No revenue impact

Fiscal: Fiscal statement issued

Action: Do Pass the A-Engrossed Measure as Amended and as Printed B-Engrossed

Vote: 15 – 11 – 1

House

Yeas: Barker, Buckley, Frederick, Jenson, Komp, Nathanson, Read, Tomei, Williamson

Nays: Freeman, Hanna, Huffman, McLane, Richardson, Smith

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Monroe, Steiner Hayward, President Courtney

Nays: Girod, Hansell, Thomsen, Whitsett, Winters

Exc: Johnson

Prepared By: John F. Borden, Legislative Fiscal Office

Meeting Date: June 19, 2013

WHAT THE MEASURE DOES: Establishes nine member Oregon Retirement Savings Investment Task Force; Legislative Administration Committee to provide staff support for the Task Force; Task Force to report to during the interim on or before December 1, 2013 on recommendations for increasing the percentage of Oregonians saving for retirement or enrolled in a retirement plan and for increasing the amount of those individual savings; develop recommendations for establishing an Oregon Secure Retirement Plan to offer retirement investment plans to individuals; the Task Force may not include in the plan any state guarantee, any financial obligation or liability on private sector employers whose employees participate in the plan with regard to investment or investment performance of the plan, or implement a plan without further consent of the Legislative Assembly; the report is to include: barriers to retirement; analysis of compliance with federal and state law; review of other states plan; review of retirement products and services; review of best practices for creating a plan; Task Force to submit a final report on or before September 1, 2014 to include: recommendations for establishing the Oregon Secure Retirement Plan, including compliance and enforcement measures; investment levels; investment vehicle; insure against investment poor returns; and contracting with private third party administrator; Task Force may work with and contract with private sector entities to develop its recommendation; the Task Force is to prepared necessary recommendations for legislation to implement the plan; the Task Force and reporting requirements repealed on March 31, 2016; Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Purpose of the measure is an exploratory study related to a public retirement plan
- Historically low savings rates and issues related to insufficient retirement savings
- Barriers to retirement savings
- Need to answer question of whether public plan would help increase retirement savings rates
- Purpose of Task Force reports to inform future legislature about the need to provide for a public retirement plan

EFFECT OF COMMITTEE AMENDMENT: Replaces the bill.

BACKGROUND: California enacted legislation in 2012 (Senate Bill 1234) establishing a retirement savings program for private employees who do not participate in an employer-sponsored retirement savings plan. The legislation calls for a market analysis to determine factors regarding how the plan would be implemented. Once operational, administrative costs will be paid from investment earnings and are capped at one percent of total fund assets. Pooled contributions and professional management are expected to reduce the investing errors that individual savers are subject to make, thus increasing the returns beyond what an individual saver would experience. Eleven other states have considered similar legislation in recent years to provide place to invest without the considerable expense and market risks to which individual savers are exposed.