

REVENUE:

FISCAL:

SUBSEQUENT REFERRAL TO:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: James LaBar, Administrator

Meeting Dates: 3/9, 3/25

WHAT THE MEASURE DOES: Creates seven-member Oregon Retirement Savings Board chaired by Treasurer or Treasurer's designee. Directs Board to develop defined contribution retirement plan for people employed in Oregon. Sets requirements and limitations of the retirement plan. Establishes confidentiality of information regarding individual accounts. Establishes Retirement Savings Plan Administrative Fund to pay costs and expenses of administering plan. Directs Board to report to appropriate committee of Legislative Assembly by December 31, 2016. Directs Board to establish retirement plan, unless the plan would not qualify under the Employee Retirement Income Security Act of 1974, so individuals can make contributions by June 16, 2017. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

(-1 amendment) Replaces original measure. Directs Department of Consumer and Business Services to create online registry private sector financial professionals and service providers offering retirement savings products for individuals and employers. Direct Department to develop education and outreach programs. Directs Business Development Department to develop materials informing employers of benefits of offering retirement savings program for employees. Creates tax credit for employer establishing new employer-sponsored retirement plan or facilitates employee payroll deduction contributions to myRA. Caps credit at \$250 per year for three years. Creates tax credit for employees contributing to employer-sponsored retirement plan, traditional or Roth IRA, or myRA. Directs Business Development Department to establish and administer grant program for employers not eligible for tax credits under the Act. Caps grants at \$250 per year for three years.

(-2 amendment) Clarifies powers and duties of Oregon Retirement Savings Board and requirements for Oregon Retirement Savings Plan. Replaced by -7 amendment.

(-3 amendment) Curtails powers of Board from establishing, implementing and maintaining a defined contribution retirement plan for people employed in Oregon. Provides greater specificity of market and legal analysis to be conducted by Board.

(-7 amendment): Clarifies requirements for Oregon Retirement Savings Plan, including detailing more qualified retirements plans that would exempt employers from being required to offer plan, encouraging use of existing public infrastructure to support plan, deleting requirement that plan qualifies for favorable federal tax treatment ordinarily accorded to individual retirement accounts and comply with section 408 of Internal Revenue Code, making the investment administrator the trustee of all contributions and earning and allowing employers to establish alternative retirement plan for all or some employees. Directs Oregon Retirement Savings Board to adopt specific rules for the plan, including clarifying process for employers to withhold employee contributions from employees' wages and send to plan's investment administrator. Preempts local government from establishing or offering any retirement plan for

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This summary has not been adopted or officially endorsed by action of the committee.

persons not employed by public body. Directs agencies that enter into interagency agreement with Board to report to Board by January 1, 2016, on plan developed to provide outreach, technical assistance or compliance services. Appropriates \$250,000 out of General Fund for the biennium beginning July 1, 2015 for reimbursing other state agencies for providing outreach or technical assistance services to the board.

(-8 amendment) Corrects an inaccurate citation to the Employee Retirement Income Security Act of 1974 that appears in three places in the bill. Remainder of amendment is same as -7 amendment.

BACKGROUND: In 2013, the Legislative Assembly passed HB 3436 establishing the Oregon Retirement Savings Task Force and directing the task force to develop 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. The Task Force issued its report at a joint meeting of the Senate Interim Committee on Finance and Revenue and the House Interim Committee on Revenue Committee in September 2014.

The Task Force recommended developing and making available a retirement savings plan to all Oregonians lacking access to a plan at their workplace. The recommendations envision a plan with a minimal employer role, automatic enrollment for the employee (with an option to opt-out), payroll deduction, and annual automatic escalation (with opt-out) of monthly contribution, among other factors. The plan would be part of an overall retirement security program directed by a state board aimed at increasing enrollment in retirement security accounts. The program would include market research, small business outreach, research into incentives, seeking legal guidance, and efforts to increase financial literacy.

Senate Bill 615 creates the Oregon Retirement Savings Board within the Office of the Treasurer. The Board is to create a defined contribution retirement plan for any person employed in Oregon. The plan is to be operating by June 16, 2017, unless it is determined that the plan would not qualify under the federal Employee Retirement Income Security Act of 1974.