
Fiscal:	Fiscal impact issued
Revenue:	Revenue impact issued
Action Date:	03/25/15
Action:	Do Pass As Amended, Be Printed Engrossed, And Bill Be Referred To Ways And Means.
Meeting Dates:	03/06, 03/13, 03/25
Vote:	Yeas: 6 - Barton, Doherty, Evans, Fagan, Holvey, Nosse Nays: 5 - Barreto, Esquivel, Heard, Kennemer, Weidner
Prepared By:	Jan Nordlund, Committee Administrator

WHAT THE MEASURE DOES:

Creates seven-member Oregon Retirement Savings Board, to be 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 agencies that enter into interagency agreement with Board to report to Board by January 1, 2016, on plan to provide outreach, technical assistance and compliance services. Directs Board to report to appropriate committee of Legislative Assembly by December 31, 2016. Preempts local government from establishing or offering any retirement plan for persons not employed by public body. 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. Appropriates \$250,000 from the General Fund to the Board to reimburse state agencies for providing outreach and technical assistance to the Board. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Whether auto-enrollment triggers Employee Retirement Income Security Act requirements
- Other states that are developing a similar plan
- Whether employer could contribute on behalf of employee
- Role of employer to provide information enrollment packet and set up payroll deduction
- Ways to incentivize employers to provide a retirement plan to employees
- Recent availability of federal “myRA” program

EFFECT OF COMMITTEE AMENDMENT:

Makes the investment administrator the trustee of all contributions and earning. Allows employers to establish alternative retirement plan for all or some employees. Deletes proposed requirement that plan qualify for favorable federal tax treatment ordinarily accorded to individual retirement accounts and comply with section 408 of Internal Revenue Code and all other relevant laws and regulations. Deletes proposed requirement that plan ensures earnings and contributions are exempt from federal and state income tax until moneys are disbursed to account holder. Directs agencies that enter into interagency agreement with Board to report to Board by January 1, 2016, on plan to provide outreach, technical assistance or compliance services. Preempts local government from establishing or offering any retirement plan for persons not employed by public body. Appropriates \$250,000 from the General Fund to the Board to reimburse state agencies for providing outreach and technical assistance to the Board.

BACKGROUND:

In 2013, the Legislative Assembly passed House Bill 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.

House Bill 2960-A creates the Oregon Retirement Savings Board within the Office of the Treasurer. The Board is directed to create a defined contribution retirement plan for people 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.