

Senate Bill 623

Sponsored by Senator KNOPP (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes Oregon Universal Savings Account Board to create and maintain Oregon Universal Savings Account Program.

Provides that program must allow individuals to establish savings accounts without certain restrictions on contributions and withdrawals. Allows account holders to subtract earnings on accounts from taxable income to extent includable in gross income for federal income tax purposes.

Establishes Oregon Universal Savings Account Program Fund. Continuously appropriates monies in fund to board for purposes of administration of fund.

A BILL FOR AN ACT

1
2 Relating to savings accounts.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. As used in sections 1 to 9 of this 2017 Act:**

5 (1) **"Participating financial institution" means a bank, a commercial bank, a national**
6 **bank, a savings bank, a savings and loan, a thrift institution, a credit union, an insurance**
7 **company, a trust company, a mutual fund, an investment firm or other similar entity au-**
8 **thorized to do business in this state, that allows individuals to establish a universal savings**
9 **account.**

10 (2) **"Universal savings account" means an account established under section 5 of this 2017**
11 **Act.**

12 **SECTION 2. (1) The Oregon Universal Savings Account Board is established to administer**
13 **sections 1 to 9 of this 2017 Act.**

14 (2) **The board consists of five members as follows:**

15 (a) **The State Treasurer or a designee of the State Treasurer.**

16 (b) **A member appointed by the Senate President.**

17 (c) **A member appointed by the Senate Minority Leader.**

18 (d) **A member appointed by the Speaker of the House of Representatives.**

19 (e) **A member appointed by the Minority Leader of the House of Representatives.**

20 (3) **The State Treasurer shall designate the chairperson from among the members of the**
21 **board. The chairperson shall serve at the pleasure of the State Treasurer.**

22 (4) **The term of office of each member of the board appointed under subsection (2)(b) to**
23 **(e) of this section is four years, but a member serves at the pleasure of the appointing au-**
24 **thority. Vacancies shall be filled by the appointing authority by appointment for the unex-**
25 **pired term. A member shall hold the member's office until the appointment and qualification**
26 **of a successor. A member is eligible for reappointment.**

27 (5) **A majority of the members of the board constitutes a quorum for the transaction of**
28 **business.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (6) The State Treasurer shall provide staff support to the board.

2 (7) A member of the board is entitled to compensation and expenses as provided in ORS
3 292.495.

4 **SECTION 3.** (1) The Oregon Universal Savings Account Board shall establish and main-
5 tain the Oregon Universal Savings Account Program in accordance with section 4 of this 2017
6 Act.

7 (2) The board has the following powers, duties and functions:

8 (a) To adopt rules for the general administration of the program and to administer
9 sections 1 to 9 of this 2017 Act.

10 (b) To make and enter into any and all contracts, agreements or arrangements necessary
11 or desirable for carrying out the purposes of sections 1 to 9 of this 2017 Act.

12 (c) To accept donations or receive funds for the purpose of providing incentives to ac-
13 count owners and potential account owners or furthering any of the purposes of sections 1
14 to 9 of this 2017 Act.

15 (d) To encourage increased participation in the program by providing or making available
16 incentives to account owners or potential account owners, or entering into promotional ar-
17 rangements with third parties as the board deems desirable.

18 **SECTION 4.** (1) The Oregon Universal Savings Account Program established by the
19 Oregon Universal Savings Account Board under section 3 of this 2017 Act must:

20 (a) Allow account holders to establish a universal savings account at a participating fi-
21 nancial institution and make after-tax contributions to the account without restrictions
22 based on age or income.

23 (b) Allow account holders to withdraw funds from a universal savings account at any
24 time without penalty or tax on earnings or principal.

25 (c) Allow account holders to make all investment decisions for a universal savings ac-
26 count and place no restrictions on the types of investments an account holder may choose.

27 (2) The program may not require account holders to withdraw funds from a universal
28 savings account at any time.

29 (3) The program, the board, each board member and the State of Oregon may not insure
30 any account or guarantee any rate of return or any interest rate on any contribution. The
31 program, the board, each board member and the State of Oregon are not liable for any loss
32 incurred by any person as a result of participating in the program.

33 **SECTION 5.** (1) An individual may establish a universal savings account by making an
34 initial contribution to a universal savings account at a participating financial institution.

35 (2) Contributions to an account may be made only in cash.

36 (3) Total contributions to all accounts established by one individual may not exceed \$8,000
37 in any calendar year.

38 (4) A participating financial institution shall maintain separate records and accounting
39 for each account and make reports no less frequently than annually to the account owner.

40 (5) The Oregon Universal Savings Account Board may collect application, account or ad-
41 ministrative fees to defray the costs of the program.

42 **SECTION 6.** (1) A universal savings account and any interest in an account may not be
43 assignable or pledged or otherwise used to secure or obtain a loan or other advancement.

44 (2) Moneys or property held within an account are exempt from garnishment and are not
45 subject to execution, attachment or any other process or to the operation of any bankruptcy

1 or insolvency law.

2 **SECTION 7.** Individual account information pertaining to universal savings accounts, in-
3 cluding but not limited to names, addresses, telephone numbers, personal identification in-
4 formation, amounts contributed and earnings on amounts contributed, is confidential and
5 must be maintained as confidential:

6 (1) Except to the extent necessary to administer the Oregon Universal Savings Account
7 Program in a manner consistent with sections 1 to 9 of this 2017 Act, Oregon tax laws and
8 the Internal Revenue Code; or

9 (2) Unless the person who provides the information or is the subject of the information
10 expressly agrees in writing that the information may be disclosed.

11 **SECTION 8.** The State of Oregon has no proprietary interest in the contributions or
12 earnings of universal savings accounts.

13 **SECTION 9.** (1) The Oregon Universal Savings Account Program Fund is established in
14 the State Treasury, separate and distinct from the General Fund. Interest earned by the
15 Oregon Universal Savings Account Program Fund shall be credited to the fund. All moneys
16 credited to the Oregon Universal Savings Account Program Fund are continuously appro-
17 priated to the Oregon Universal Savings Account Board for the purposes of sections 1 to 9
18 of this 2017 Act.

19 (2) The Oregon Universal Savings Account Program Fund consists of:

20 (a) Moneys appropriated to the fund by the Legislative Assembly;

21 (b) Moneys transferred to the fund from the federal government, other state agencies
22 or local governments;

23 (c) Moneys from the payment of fees and the payment of other moneys due the board;

24 (d) Any gifts or donations made to the State of Oregon for deposit in the fund; and

25 (e) Earnings on moneys in the fund.

26 (3) The board may use the moneys in the fund to pay the administrative costs and ex-
27 penses of the board and the Oregon Universal Savings Account Program, to provide or make
28 available incentives to account owners and potential account owners and to further any
29 other purpose of sections 1 to 9 of this 2017 Act.

30 **SECTION 10.** Notwithstanding the term of office specified by section 2 of this 2017 Act,
31 of the members of the Oregon Universal Savings Account Board who are first appointed to
32 the board under section 2 (2)(b) to (e) of this 2017 Act:

33 (1) One shall serve for a term ending December 31, 2018.

34 (2) One shall serve for a term ending December 31, 2019.

35 (3) Two shall serve for a term ending December 31, 2020.

36 **SECTION 11.** Section 12 of this 2017 Act is added to and made a part of ORS chapter 316.

37 **SECTION 12.** In addition to the other modifications to federal taxable income contained
38 in this chapter, there shall be subtracted from federal taxable income the amount of any
39 earnings on a universal savings account established under section 5 of this 2017 Act, to the
40 extent includable in gross income for federal income tax purposes.

41 **SECTION 13.** The Oregon Universal Savings Account Board shall establish the Oregon
42 Universal Savings Account Program under section 3 of this 2017 Act so that individuals may
43 establish universal savings accounts beginning on January 1, 2019.

44 **SECTION 14.** Section 12 of this 2017 Act applies to tax years beginning on or after Jan-
45 uary 1, 2019.

