

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended, Be Printed Engrossed, and be Referred to the Committee on Ways and Means
Vote:	6 - 4 - 0
Yeas:	Barton, Fagan, Holvey, Matthews, Witt, Doherty
Nays:	Kenemer, Thatcher, Thompson, Weidner
Exc.:	0
Prepared By:	Jan Nordlund, Administrator
Meeting Dates:	3/15, 3/22, 4/15, 4/17

WHAT THE MEASURE DOES: Establishes Oregon Retirement Savings Investment Board to develop recommendations for establishing Oregon Secure Retirement Plan to offer retirement investment plans to employees in private sector who have no retirement option through employer. Requires Board to report to the Legislative Assembly by December 1, 2013, and September 1, 2014. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Reasons why people do not save for retirement and extent of problem when retirement income is insufficient
- Experience and expertise of Oregon Investment Council to improve investment returns
- Voluntary, not mandatory, participation by employees
- Potential burden on employers if they must offer plan to employees and make withholdings
- Whether federal Employee Retirement Income Security Act (ERISA) requirements will be triggered if employer offers plan and makes withholdings
- Whether State's credit rating could be effected
- Board membership
- Potential impact on private investment industry

EFFECT OF COMMITTEE AMENDMENT: Deletes requirement that plan include specific features, including requirement that employers offer plan through voluntary payroll deduction. Requires Board develop recommendations for plan directed at private sector employees who have no retirement option through an employer. Modifies specifics to be included in Board's report to Legislative Assembly. Specifies Legislative Administration Committee will provide staff support.

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.

House Bill 3436-A creates the Oregon Retirement Savings Investment Board comprised of the State Treasurer or designee and six members appointed by the Governor (two representatives of employers, two people with experience in the financial industry, and two public members). The measure directs the Board to develop recommendations for establishing an Oregon Secure Retirement Plan to offer retirement investment plans to employees in the private sector who have no retirement option through an employer. The measure requires the Board to report to the Legislative Assembly by December 1, 2013, describing the progress of the Board and, among other items, an analysis of whether the plan complies with federal law and a review of similar plans in other states. The Board must report again by September 2014 on specific recommendations for establishing the plan.

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