



**Colorado
Legislative
Council
Staff**

HB16-1403

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0167 **Date:** April 18, 2016
Prime Sponsor(s): Rep. Pettersen; Buckner **Bill Status:** House Finance
 Sen. Todd; Donovan **Fiscal Analyst:** Josh Abram (303-866-3561)

BILL TOPIC: COLORADO SECURE SAVINGS PLAN

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	Workload increase. See State Expenditures section.	
Appropriation Required: None.		
Future Year Impacts: None.		

Summary of Legislation

The bill creates the Colorado Secure Savings Plan (the plan) to provide a retirement savings plan for private sector Colorado workers whose employers do not provide a retirement plan. Private employers are required to arrange for the automatic enrollment of employees in the plan and funds are contributed through a payroll deduction from employee wages. Smaller employers are given up to three years to establish the arrangement; larger companies must establish the arrangement sooner. An employer who offers an alternative retirement savings plan is not required to offer participation in the state plan. Accounts with the plan are in the form of a Roth Individual Retirement Account (IRA). An account in the plan is automatically established unless an employee opts out of the program.

The bill creates a nine-member board of trustees for the plan and details conditions for the board's selection, terms, and replacement. In addition to seven other members appointed by the governor and confirmed by the senate, the board includes the state controller from the Department of Personnel and Administration (DPA) and the director of the Governor's Office of State Planning and Budgeting (OSP). Trustees serve without compensation but may be reimbursed for necessary travel expenses. Among its many duties, the board of trustees is required to:

- design, establish, and operate the plan meeting minimum criteria;
- establish investment options that offer employees returns on contributions and the conversion of secure IRA balances to retirement income without incurring state debt or liabilities;
- establish a process to allocate interest and investment earnings or losses to individual plan accounts on a pro rata basis;
- evaluate and establish a process for enrollees to contribute wages through an automatic payroll deduction;

- accept gifts, grants, or state donations to cover start-up costs;
- provide for the payment of administrative costs and expenses for the creation, management, and operation of the plan; and
- conduct a financial feasibility study to ensure that the plan will be self-sustaining.

The bill establishes the Colorado Secure Savings Plan Fund as a trust outside of the state treasury and establishes the board as the trustee of the fund. The fund consists of money received from enrollees, from individual contributions to the plan, and from any gifts, grants, or donations. Money in the fund is not property of the state and the fund must not be construed to be a department, institution, or agency of the state. The bill permits the board to use a portion of the moneys in the fund to pay administrative costs.

The bill requires that the state savings plan be implemented and enrollment of employees begin within two years after the bill's effective date; however, the board may delay implementation if the board does not obtain adequate money to implement the plan by this deadline. The plan does not take effect if it fails to qualify as an IRA for federal tax purposes, or if it is determined that the plan is an employee benefit plan and state or employer liability would be established under federal law.

State Expenditures

The bill minimally increases workload for the state controller in DPA and the director of OSPB (or their designees) to serve on the board of trustees for the state savings plan.

Statutory Public Entity Impact

The bill creates a statutory public entity and requires that the board of trustees of the Colorado Secure Savings Plan seek, accept, and spend gifts, grants, donations, or private loans to initiate the plan. No state appropriations are required by the bill and no investment of public money is contemplated for the start-up cost to launch the state savings plan. All administrative and investment costs incurred by the board of trustees are to be paid from the plan's assets.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

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