

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2015 REGULAR SESSION**

**MEASURE**

2015 BR NUMBER **0475**

**HOUSE** BILL NUMBER **261**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to small business deferred compensation.**

**SPONSOR** **Representative Martha Jane King**

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: \_\_\_\_\_

FUND(S) IMPACT:  GENERAL  ROAD  FEDERAL  RESTRICTED AGENCY \_\_\_\_\_  OTHER

**FISCAL SUMMARY**

<b>FISCAL ESTIMATES</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>			
<b>EXPENDITURES</b>			
<b>NET EFFECT</b>			

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** Establish the Kentucky Retirement Account Program, an automatic enrollment payroll deduction Roth IRA program, for employees of private employers with five (5) or more employees.

**PROVISIONS/MECHANICS:** Create new sections of KRS Chapter 41 establishing the Kentucky Retirement Account Program, an automatic enrollment payroll deduction Roth IRA program, for employees of private employers with five (5) or more employees; add definitional section; create a governing board composed of the Treasurer, Secretary of the Labor Cabinet, Secretary of the Finance Cabinet, two (2) at-large members with expertise in retirement savings and one at-large member of the general public; attach the board for administrative purposes to the Treasurer's office; delineate responsibilities of the board in program design and oversight; permit the Treasurer to pursue and accept donations to set up the program; require the board to contract with a third party administrator for plan administration; require employees who do not opt out to deposit a minimum of three percent (3%) of wages per pay period into their Roth IRA;

require the program contain a default investment fund but permit a range of investment options; require the board to develop and disseminate program information to all employers including informational packets explaining the plan to employees; establish that the program shall begin twenty-four (24) months after the effective date of the Act; permit employers to obtain a irrefutable hardship exemption from participation in the program; declare that neither the state or employers are liable for investment losses; authorize the board to promulgate administrative regulations; allow the board to delay implementation for lack of funding; permit the board to seek an opinion as to the applicability and impact of the federal Employee Retirement Income Security Act in writing from the appropriate federal entity with jurisdiction over the Employee Retirement Income Security.

**FISCAL EXPLANATION:** Section 5 of HB 261 establishes the Kentucky Retirement Account Board and administratively attaches it to the State Treasurer's Office. It requires the State Treasurer's Office to absorb the board's routine administrative costs but allows the State Treasurer to pursue and accept contributions, grants, and other donations to be used to set up the program and to pay for the board's administrative costs. In addition, Section 17 provides that the program may be delayed until the board obtains adequate funds to implement the program.

Per the Treasurer's Office, HB 261 has no fiscal impact. While ongoing costs are indeterminable, the Treasurer's Office states it plans to establish a 501(c)(3) nonprofit corporation to absorb the program's costs.

**DATA SOURCE(S):** State Treasurer's Office

**PREPARER:** Katie Comstock **NOTE NUMBER:** 36 **REVIEW:** GMR **DATE:** 2/20/2015