

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-4155/1	Introduction Number SB-496
Description a retirement plan marketplace, granting rule-making authority, and making an appropriation	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 30%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around; font-size: small;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div>	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </div> </div>	
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.144(1)	
Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Ann DeGarmo (608) 266-7179
Date 8/11/2021	

Fiscal Estimate Narratives

DOR 8/11/2021

LRB Number	21-4155/1	Introduction Number	SB-496	Estimate Type	Original
Description a retirement plan marketplace, granting rule-making authority, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill affects multiple state agencies. The fiscal estimate below specifically addresses the impact of the bill for the Department of Revenue.

This bill requires the Department of Financial Institutions to establish and manage a retirement plan marketplace for eligible employees, small employers, and private financial services firms. Under the bill, DFI must contract with a vendor to create an Internet site to host the marketplace.

The bill provides that a financial services firm that wants to offer retirement plans on the marketplace may apply to DFI, and DFI may approve the firm to participate if the firm offers high quality retirement plans that comply with the federal Employee Retirement Income Security Act of 1974 (ERISA). For each firm approved to participate in the marketplace, DFI must specify the retirement plans the firm may offer on the marketplace. The bill requires DFI to ensure that the marketplace offers only ERISA compliant retirement plans with reasonable fees and offers a range of retirement plans and investment options, including retirement plans for investors with various levels of risk tolerance and of various ages and retirement plans that are environmentally friendly and socially responsible. The bill limits the administrative fees a firm may charge a participant enrolled in a retirement plan offered on the marketplace to no more than 100 basis points in total annual fees.

Under the bill, DFI must, in cooperation with the Department of Revenue, the Department of Workforce Development, and other state agencies, develop a marketing program to publicize and promote the marketplace to small employers and eligible individuals.

As it relates to state tax collections, the bill does not change relevant statutes or impact the taxability of retirement plan income. The department anticipates incurring \$2,610 in one-time costs associated with drafting articles and marketing the retirement marketplace.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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Description a retirement plan marketplace, granting rule-making authority, and making an appropriation		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The department anticipates incurring \$2,610 in one-time costs associated with drafting articles and marketing the retirement marketplace.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Ann DeGarmo (608) 266-7179	8/11/2021