

---

## **OLR Bill Analysis**

**sHB 6552 (as amended by House "A")\***

### ***AN ACT CONCERNING THE CONNECTICUT RETIREMENT SECURITY PROGRAM.***

#### **SUMMARY**

This bill makes various changes to the Connecticut Retirement Security Program, a program administered by the Office of the State Comptroller to establish a retirement program with Roth individual retirement accounts (IRAs) for eligible private-sector employees. Among other things, the bill:

1. reduces how long an employee must work for their employer to be a “covered employee” under the program;
2. eases quorum and voting requirements for the program’s advisory board;
3. removes the October 1, 2023, deadline for the program to repay the General Fund for certain expenses, and instead requires repayment according to a plan set by the Office of Policy and Management (OPM) secretary and the comptroller;
4. allows the comptroller to adopt regulations on program enforcement activities, including financial penalties;
5. removes an obsolete January 1, 2018, deadline for employers to begin annually providing their employees with certain informational materials on the program (§ 5);
6. creates a notice requirement and financial penalty for noncompliant employers, rather than allowing the labor commissioner or comptroller to sue them, as under current law ;
7. gives certain liability protections to advisory board members and

employers covered by the program;

8. allows the comptroller to enter into intergovernmental agreements to collaborate on things like data collection, shared program administration, and pooled investments;
9. repeals a requirement for the comptroller to set up and maintain a website for qualified employers and vendors (§ 11); and
10. makes various conforming changes (e.g., §§ 4 & 7).

\*House Amendment “A” (1) requires the program’s repayment to the General Fund to follow a plan set by the OPM secretary and the comptroller and (2) creates a notice requirement and financial penalty for noncompliant employers.

EFFECTIVE DATE: Upon passage

## **§ 1 — COVERED EMPLOYEES**

The bill reduces, from 120 days to 60 days, how long an employee must work for their employer to be a “covered employee” under the program. By law, employers covered by the program must give employees certain information about the program within 30 days after they become a “covered employee,” and automatically enroll them in the program within 60 days after that. Covered employees may opt out of the program by selecting a contribution level of zero (CGS § 31-422).

## **§ 2 — ADVISORY BOARD & GENERAL FUND REPAYMENT**

By law, the Connecticut Retirement Security Advisory Board advises the comptroller on matters like using the program’s surplus funds and modifying the program to meet federal tax law and regulations. The bill changes the board’s quorum requirement from eight of the board’s members to a majority, and allows the board to act by a majority vote of present members. (By law, the board is 15 members.)

The bill also removes (1) an October 1, 2023, deadline for the program to reimburse the General Fund for any money spent from it to administer the program and (2) a requirement for the reimbursement to

also cover General Fund costs of providing compensation for covered employees. It instead requires that the reimbursement follow a plan established and agreed upon by the OPM secretary and comptroller.

The plan must (1) include a schedule for reimbursing any money spent from the General Fund to the program and (2) incorporate any previously agreed upon terms between the comptroller and treasurer to repay the General Fund for a funding advance made under an existing law that allowed such an advance. The bill requires the reimbursement payments to continue under the plan's terms until all money spent from the General Fund for the program is repaid. It also allows the program to pay any unpaid amounts earlier than then plan requires.

### **§ 3 — COMPTROLLER REGULATIONS AND MOUS**

The bill allows the comptroller to adopt regulations (1) about program enforcement activities, such as financial penalties, to administer the program, and (2) to implement the program's provisions on violations and possible civil actions.

It also allows, instead of requires, the comptroller to enter into memoranda of understanding (MOUs) with the Department of Labor and other state agencies about (1) gathering or disseminating information needed to operate the program, (2) sharing the costs of doing so, and (3) reimbursing costs for certain enforcement activities.

### **§ 6 — NONCOMPLIANT EMPLOYERS**

Under current law, if a qualified employer (i.e., one subject to the program's requirements) fails to enroll an eligible employee in the program, either the labor commissioner or the comptroller may sue the employer to require compliance and recover costs and attorney's fees. The bill eliminates this provision and instead creates a notice requirement and financial penalty for the noncompliant employers.

Specifically, the bill requires the comptroller to send at least two notices of noncompliance, followed by a final notice of noncompliance, to any qualified employer that fails to (1) enroll its eligible employees in the program as required or (2) timely remit employee contributions to

the program as required. Under the bill, an employer found to be noncompliant 90 calendar days after the final notice of noncompliance was served is subject to a penalty based on the employer's number of employees, as shown in the table below.

**Table: Penalty for Noncompliant Employers**

Number of Employees	Penalty
5 – 24	\$500
25 – 99	\$1,000
100+	\$1,500

Under existing law, unchanged by the bill, an employer's failure to remit an employee's contributions to the program also violates the law that generally prohibits employers from withholding employee wages.

#### **§§ 8-9 — INDEMNITY AND LIABILITY PROTECTION**

The bill protects anyone who serves on the program's advisory board from being subject to civil liabilities for the program's debts, obligations, or liabilities, and requires the comptroller to indemnify and hold harmless anyone acting under the law as an advisory board member (§ 8).

Under the bill, employers covered by the program are not (1) liable for their employees' decisions to participate or not in the program or the board's or enrollees' investment decisions; (2) fiduciaries of the program; (3) responsible for the program's administration, investments, or investment performance; or (4) liable for investment returns, program design, and benefits paid to participants (§ 9).

#### **§ 10 — INTERGOVERNMENTAL AGREEMENTS**

The bill allows the comptroller, in administering the program, to enter into an intergovernmental agreement, memorandum of cooperation, or MOU on things such as data collection, shared program administration and financial services, pooled investment of assets, marketing and outreach support, program evaluation and research, participant privacy, and any other collaboration area. He may enter into these agreements with another state, the District of Columbia, Puerto

Rico, the U.S. Virgin Islands, or any territory or insular possession under U.S. jurisdiction.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 7 Nay 4 (02/16/2023)