

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** HB775

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Ayala

**3. Committee:** General Laws

**4. Title:** My Virginia Plan; multiple employer retirement plan for private employers and their employees.

**5. Summary:** Establishes the My Virginia Plan Board (the Board) and directs the Board to create the My Virginia Plan (the Plan) to allow employees of private employers in the Commonwealth to contribute to a defined contribution retirement plan overseen by the Board. The bill allows all self-employed individuals, sole proprietors, and nongovernmental employers to allow their employees to participate in the Plan. It provides for automatic enrollment of an employer's employees if such employer chooses to participate in the Plan. The bill authorizes the Board to contract with third parties to implement and administer the Plan.

The Plan shall allow an enrollee to contribute to an account at a default rate and modify his contributions within the parameters of the Internal Revenue Code. The Plan allows but does not require a participating employer to contribute to the account of any enrollee. The bill prohibits the Commonwealth from guaranteeing a rate of return or interest rate on any contribution and indemnifies it from losses incurred through the Plan. The bill requires the Board to establish the Plan by July 1, 2022.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:** Indeterminate

**8. Fiscal Implications:** The fiscal impact of this bill is indeterminate. As written, the proposed legislation requires the Department of Treasury (Treasury) to both compensate appointed Board members and provide staff support and technical assistance for the My Virginia Plan Board to carry out its functions.

The costs for providing staff support and technical assistance to the Board cannot be determined at this time. The estimated costs would include personnel expenses (salaries and benefits) for additional full-time equivalent positions to provide administrative and technical assistance to the My Virginia Plan Board, as well as non-personnel expenses (rent for additional office space, information technology support, furniture, and supplies). The legislation also requires Treasury to compensate the members of the Board for their time and to reimburse members for any expenses made during the performance of their duties.

Currently Treasury does not have the general fund appropriation within its current operating budget to support the My Virginia Plan Program's member reimbursement costs. If the proposed legislation is passed, a budget amendment would be required to provide Treasury with additional general fund support to compensate and reimburse members of the My Virginia Plan Board.

The legislation permits the My Virginia Plan Board expenses to be supported through the collection of application, account, or administrative fees, however, it is anticipated it will take significant time to generate revenue to offset costs.

**9. Specific Agency or Political Subdivisions Affected:** Department of the Treasury

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None