

2019 -- S 0825

LC001872

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- DEFERRED COMPENSATION PLANS

Introduced By: Senators Murray, Lawson, Valverde, Conley, and Felag

Date Introduced: April 30, 2019

Referred To: Senate Finance

(Department of Administration)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 36-13-6 of the General Laws in Chapter 36-13 entitled "Deferred
2 Compensation Plans" is hereby amended to read as follows:

3 **36-13-6. Other benefits unaffected.**

4 The deferred compensation program established by this chapter shall exist and serve in
5 addition to retirement, pension, or benefit systems established by the state, county, city, town, or
6 other political subdivision, and no deferral of income under the deferred compensation program
7 shall affect a reduction of any retirement, pension, or other benefit provided by law. ~~However,~~
8 ~~any sum deferred under the deferred compensation program shall not be subject to taxation until~~
9 ~~distribution is actually made to the employee.~~

10 SECTION 2. Chapter 36-13 of the General Laws entitled "Deferred Compensation Plans"
11 is hereby amended by adding thereto the following section:

12 **36-13-6.1. Sums subject to taxation.**

13 (a) Except as designated in this section, any sum deferred under the deferred
14 compensation program shall not be subject to taxation until distribution is actually made to the
15 employee.

16 (b) Subsection (a) of this section shall not apply where the deferred compensation
17 program includes a qualified Roth contribution program and the sums have been deferred as a
18 designated Roth contribution. Where the employee has elected that sums be deferred as a

1 designated Roth contribution, the sums shall be deferred post tax.

2 (c) For the purposes of this section, the term “qualified Roth contribution program”
3 means a program under which an employee may elect to make designated Roth contributions in
4 lieu of all or a portion of elective deferrals the employee is otherwise eligible to make under the
5 deferred compensation program. A program shall not be treated as a qualified Roth contribution
6 program unless the deferred compensation program:

7 (1) Establishes separate accounts for the designated Roth contributions of each employee
8 and any earnings properly allocable to the contributions; and

9 (2) Maintains separate recordkeeping with respect to each account.

10 (d) For the purposes of this section, the term “designated Roth contribution” means any
11 elective deferral which is excludable from gross income of an employee with regard to subsection
12 (a) of this section and the employee designates as not being so excludable.

13 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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- 1 This act would allow state employees the ability to make an after tax contribution to a
- 2 qualified Roth contribution program as a part of a deferred compensation plan.
- 3 This act would take effect upon passage.

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