



Legislative and Regulatory Report

A monthly review of the latest information of importance to retirement plan sponsors

July 2022

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Democrats revive reconciliation bill with tax changes, but without Build Back Better Act retirement provisions

On July 27, Senate Majority Leader Chuck Schumer (D-NY) and Sen. Joe Manchin (D-WV) issued a joint statement announcing an agreement on a revised reconciliation bill, now called the [Inflation Reduction Act \(IRA\) of 2022](#). It includes a 15% corporate minimum tax and increased IRS enforcement, among other provisions. The announcement was a surprise as only days earlier, on July 15, Sen. Manchin announced that he would not support a budget reconciliation deal (i.e., Build Back Better (BBBA)) before the August recess that includes tax increases. At that time, Sen. Manchin left open the possibility of reconsidering his position in September depending on the pace of inflation. Democrats will now move quickly to finalize legislative text, shore up the necessary support and navigate numerous procedural hurdles. The reconciliation process must be completed by September 30.

Significantly, the handful of retirement provisions (\$10 million cap and elimination of backdoor Roth conversions) included in the House-passed Build Back Better Act have been dropped. Additionally, as it relates to the newly proposed 15% corporate minimum tax, language has been added to provide a defined benefit pension exemption. The exclusion of any retirement provision in the reconciliation bill is a positive sign for the continued bipartisan support to advance a SECURE Act 2.0 bill.

Congress prepares for August recess

Beginning in August, Congress will break for its traditional month-long summer recess. When they return in September, Congress will face a long to-do list with only about 28 legislative days left before the end of the year. [2022 House Calendar](#). Critically, Congress will need to fund the government. While government funding expires on September 30, Congress is expected to approve a Continuing Resolution that will push out the government funding deadline until sometime in late Q4, probably December. [2022 Congressional Deadlines](#). These dates are important as progress continues SECURE 2.0. Following the Senate markups of the EARN Act and RISE & SHINE Act, Congress is now working to resolve the differences between those two bills and the House-passed Securing a Strong Retirement Act. That process will hopefully be completed in the next few months. After that, Congress will look to attach the agreed-upon SECURE Act 2.0 to another “must-pass” bill, most likely the government funding bill that is expected to materialize in December.

Hawaii enacts mandatory IRA program

On July 12, Hawaii Governor David Ige signed into law [S.B. 3289](#), a bill establishing a state-run IRA program for private-sector employees with an employer mandate.

The law’s employer mandate generally applies to nongovernmental employers in Hawaii with one or more employees, except for certain employers already maintaining a tax-qualified retirement plan “for all employees.” Covered employees eligible to participate in the program are generally residents of Hawaii age 18 or older who are employed in the state by an employer subject to the mandate. The law does not provide for the automatic enrollment of employees. Rather, employers subject to the law’s mandate are required to “allow” a covered employee to enroll in the program if the employee chooses. The mandate exempts only employers that have been “maintaining for all employees during the preceding two years” a 401(a), 401(k), 403(a), 403(b), SEP or SIMPLE plan.

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References and source material used in this publication

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“Inflation Reduction Act of 2022.” Senate Democrats, Senate Democratic Leadership (July 2022).

<https://www.democrats.senate.gov/inflation-reduction-act-of-2022>

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[Microsoft Word - 2022 HOUSE CALENDAR - 3-17-2022.docx \(majorityleader.gov\)](#)

[Upcoming Congressional Fiscal Policy Deadlines | Committee for a Responsible Federal Budget \(crfb.org\)](#)

“Relating to Hawaii Retirement Savings.” SB3289 SD2 HD2 CD1, Measure Status (hawaii.gov) (July 2022).

https://www.capitol.hawaii.gov/measure_indiv.aspx?billtype=SB&billnumber=3289&year=2022

[Spending Bills in Congress Progress before August Recess \(natlawreview.com\)](#)

[Cardin: The Time for Action on SECURE 2.0 Is Now | AMERICAN SOCIETY OF PENSION PROFESSIONALS & ACTUARIES \(asppa-net.org\)](#)

Keeping watch

You can find the most recent information on issues affecting governmental defined contribution plans, plan sponsors and plan participants on the Employer page of our plan website, NRSforu.com/plansponsor.



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