



General Assembly

Substitute Bill No. 5316

February Session, 2022



AN ACT ESTABLISHING A FARMERS' RETIREMENT SAVINGS TRUST.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2023*) As used in this section and
2 sections 2 to 11, inclusive, of this act:

3 (1) "Depositor" means any farmer making a deposit to the trust
4 pursuant to a participation agreement, but does not include the state;

5 (2) "Farmer" means a person who is employed by or owns a business
6 that is primarily engaged in the activity of agriculture or farming;

7 (3) "Internal Revenue Code" means the Internal Revenue Code of
8 1986, or any subsequent corresponding internal revenue code of the
9 United States, as from time to time amended;

10 (4) "Participation agreement" means the agreement between a
11 depositor and the trust concerning the terms of the depositor's
12 participation in the trust for a designated beneficiary;

13 (5) "Plan" means the retirement plan held by the trust; and

14 (6) "Trust" means the Farmers' Retirement Savings Trust.

15 Sec. 2. (NEW) (*Effective January 1, 2023*) (a) There is established the
16 Farmers' Retirement Savings Trust to hold the assets of a retirement plan
17 established in accordance with Section 401(k) of the Internal Revenue
18 Code for farmers who are residents of the state. The trust shall constitute
19 an instrumentality of the state and shall perform essential governmental
20 functions, as provided in sections 1 to 11, inclusive, of this act. The trust
21 shall receive and hold all payments and deposits or contributions
22 intended for the trust, as well as gifts, bequests, endowments or federal,
23 state or local grants and any other funds from any public or private
24 source and all earnings until disbursed in accordance with sections 1 to
25 11, inclusive, of this act.

26 (b) (1) The amounts on deposit in the trust shall not constitute
27 property of the state and the trust shall not be construed to be a
28 department, institution or agency of the state. Amounts on deposit in
29 the trust shall not be commingled with state funds and the state shall
30 have no claim to or against, or interest in, such funds.

31 (2) Any contract entered into by, or any obligation of the trust, shall
32 not constitute a debt or obligation of the state and the state shall have
33 no obligation to any designated beneficiary or any other person on
34 account of the trust and all amounts obligated to be paid from the trust
35 shall be limited to amounts available for such obligation on deposit in
36 the trust.

37 (3) The amounts on deposit in the trust shall only be disbursed in
38 accordance with the provisions of sections 1 to 11, inclusive, of this act.
39 The trust shall continue in existence for such time as it holds any
40 deposits or has any obligations and until its existence is terminated by
41 law and, upon termination, any unclaimed assets shall return to the
42 state. Property of the trust shall be governed by section 3-61a of the
43 general statutes.

44 (c) The Comptroller shall be responsible for the receipt, maintenance,
45 administration, investing and disbursements of amounts from the trust.
46 The trust shall not receive deposits in any form other than cash. No

47 depositor or designated beneficiary may direct the investment of any
48 contributions or amounts held in the trust other than in the specific fund
49 options provided for by the trust.

50 Sec. 3. (NEW) (*Effective January 1, 2023*) The Comptroller, on behalf of
51 the trust and for purposes of the trust, may:

52 (1) Receive and invest moneys in the trust in any instruments,
53 obligations, securities or property in accordance with section 4 of this
54 act;

55 (2) Establish consistent terms for each participation agreement, bulk
56 deposit, coupon or installment payments, including, but not limited to,
57 (A) the method of payment into the trust by payroll deduction, transfer
58 from bank accounts or otherwise, (B) the termination, withdrawal or
59 transfer of payments under the trust, (C) penalties for distributions not
60 used or made in accordance with Section 401(k) of the Internal Revenue
61 Code, (D) changing of the identity of the designated beneficiary, and (E)
62 any charges or fees in connection with the administration of the trust;

63 (3) Enter into one or more contractual agreements, including
64 contracts for legal, actuarial, accounting, custodial, advisory,
65 management, administrative, advertising, marketing and consulting
66 services for the trust and pay for such services from the gains and
67 earnings of the trust;

68 (4) Procure insurance in connection with the trust's property, assets,
69 activities, or deposits or contributions to the trust;

70 (5) Apply for, accept and expend gifts, grants or donations from
71 public or private sources to enable the trust to carry out its objectives;

72 (6) Adopt regulations in accordance with chapter 54 of the general
73 statutes for purposes of sections 1 to 11, inclusive, of this act;

74 (7) Sue and be sued;

75 (8) Establish one or more funds within the trust and maintain
76 separate accounts for each designated beneficiary; and

77 (9) Take any other action necessary to carry out the purposes of
78 sections 1 to 11, inclusive, of this act and incidental to the duties imposed
79 on the Comptroller pursuant to said sections.

80 Sec. 4. (NEW) (*Effective January 1, 2023*) The Comptroller shall invest
81 the amounts on deposit in the trust in a manner reasonable and
82 appropriate to achieve the objectives of the trust, exercising the
83 discretion and care of a prudent person in similar circumstances with
84 similar objectives. The Comptroller shall give due consideration to rate
85 of return, risk, term or maturity, diversification of the total portfolio
86 within the trust, liquidity, the projected disbursements and
87 expenditures, and the expected payments, deposits, contributions and
88 gifts to be received. The Comptroller shall not require the trust to invest
89 directly in obligations of the state or any political subdivision of the state
90 or in any investment or other fund administered by the Comptroller.
91 The assets of the trust shall be continuously invested and reinvested in
92 a manner consistent with the objectives of the trust until disbursed to a
93 designated beneficiary in accordance with Section 401(k) of the Internal
94 Revenue Code, expended on expenses incurred by the operations of the
95 trust or refunded to the depositor or designated beneficiary pursuant to
96 the conditions provided in the participation agreement.

97 Sec. 5. (NEW) (*Effective January 1, 2023*) Participation in the trust and
98 the offering and solicitation of the trust are exempt from sections 36b-16
99 and 36b-22 of the general statutes. The Comptroller shall obtain written
100 advice of counsel or written advice from the Securities Exchange
101 Commission, or both, that the trust and the offering of participation in
102 the trust are not subject to federal securities laws.

103 Sec. 6. (NEW) (*Effective January 1, 2023*) On or before December thirty-
104 first, annually, the Comptroller shall (1) submit a financial report,
105 pursuant to section 3-37 of the general statutes, to the Governor on the
106 operations of the trust including the receipts, disbursements, assets,

107 investments, and liabilities and administrative costs of the trust for the
108 prior fiscal year; (2) submit such financial report, in accordance with the
109 provisions of section 11-4a of the general statutes, to the joint standing
110 committee of the General Assembly having cognizance of matters
111 relating to banking along with recommendations, if any, for
112 improvements to the trust; and (3) make the financial report available to
113 each depositor and designated beneficiary.

114 Sec. 7. (NEW) (*Effective January 1, 2023*) The property of the trust and
115 the earnings on the trust shall be exempt from all taxation by the state
116 and all political subdivisions of the state.

117 Sec. 8. (NEW) (*Effective January 1, 2023*) The state pledges to
118 depositors, to designated beneficiaries and with any party who enters
119 into contracts with the trust, pursuant to the provisions of sections 1 to
120 11, inclusive, of this act, that the state will not limit or alter the rights
121 under said sections vested in the trust or contract with the trust until
122 such obligations are fully met and discharged and such contracts are
123 fully performed on the part of the trust, provided nothing contained in
124 this section shall preclude such limitation or alteration if adequate
125 provision is made by law for the protection of such depositors and
126 designated beneficiaries pursuant to the obligations of the trust or
127 parties who entered into such contracts with the trust. The trust, on
128 behalf of the state, may include this pledge and undertaking for the state
129 in participation agreements and such other obligations or contracts.

130 Sec. 9. (NEW) (*Effective January 1, 2023*) The Comptroller shall take
131 any action necessary to ensure that the trust complies with all applicable
132 requirements of federal and state laws, rules and regulations to the
133 extent necessary for the plan to constitute a qualified retirement plan in
134 accordance with Section 401(k) of the Internal Revenue Code.

135 Sec. 10. (NEW) (*Effective January 1, 2023*) (a) No moneys invested in
136 the Farmers' Retirement Savings Trust shall be considered to be an asset
137 for purposes of determining an individual's eligibility for assistance
138 under the temporary family assistance program, as described in section

139 17b-112 of the general statutes, or programs funded under the federal
140 Low Income Home Energy Assistance Program block grant.

141 (b) No moneys invested in said trust shall be considered to be an asset
142 for purposes of determining an individual's eligibility for need-based,
143 institutional aid grants offered to an individual at the public eligible
144 educational institutions in the state.

145 Sec. 11. (Effective July 1, 2022) (a) The Commissioner of Revenue
146 Services shall conduct a study concerning the development of a tax
147 deduction for farmers who contribute a portion of their pay to the
148 Farmers' Retirement Savings Trust pursuant to sections 1 to 10,
149 inclusive, of this act. The study shall analyze and make
150 recommendations concerning the establishment of a tax deduction
151 equal to the amount of the contribution made by each farmer, in an
152 amount not to exceed five per cent of the farmer's annual income.

153 (b) Not later than January 1, 2023, the Commissioner of Revenue
154 Services shall submit a report on the commissioner's findings and
155 recommendations to the joint standing committee of the General
156 Assembly having cognizance of matters relating to banking, in
157 accordance with the provisions of section 11-4a of the general statutes.

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| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | January 1, 2023 | New section |
| Sec. 2 | January 1, 2023 | New section |
| Sec. 3 | January 1, 2023 | New section |
| Sec. 4 | January 1, 2023 | New section |
| Sec. 5 | January 1, 2023 | New section |
| Sec. 6 | January 1, 2023 | New section |
| Sec. 7 | January 1, 2023 | New section |
| Sec. 8 | January 1, 2023 | New section |
| Sec. 9 | January 1, 2023 | New section |
| Sec. 10 | January 1, 2023 | New section |
| Sec. 11 | July 1, 2022 | New section |

BA *Joint Favorable Subst.*