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House Votes to Block Labor Department Rules on State Retirement Programs for Private Sector.

Resolutions to block Department of Labor rules allowing states and large political subdivisions to set up private-sector retirement savings programs were passed by the U.S. House of Representatives Wednesday.

The resolution on state programs was approved by a vote of 231-193 and the political subdivision vote was 234-191. The Senate has not scheduled action.

The rules finalized in August for states and December for cities and other large political subdivisions, provide a safe harbor to allay concern that state and local programs would be preempted by federal regulators.

So far, 30 states and municipalities are implementing or considering state-facilitated, private-sector retirement programs, and eight of those states have passed legislation to set up programs. On Tuesday, 15 Treasury officials from Democratic and Republican states wrote to leaders of the House and Senate urging them to oppose the legislation. The rules, they said, provide “important flexibility to states and large municipalities as they seek to address the growing retirement crisis facing this country. We insist that states be allowed to maintain their constitutional rights to implement such legislation.” Their counterparts in New York City, Philadelphia and Seattle wrote a similar letter to House Speaker Paul Ryan, R-Wis.

Employer groups are worried about how each program will regulate employers that already offer retirement plans. “While well intentioned, the rules could hurt retirement savings and participants by discouraging plan sponsorship and limiting protections for workers,” Lynn Dudley, American Benefits Council senior vice president for global retirement and compensation policy, said in a letter to House leaders.

“If Republicans succeed in rolling back DOL regulations, they will destroy the best chance 63 million American workers have of getting access to a retirement plan,” said Teresa Ghilarducci, director of the Retirement Equity Lab at The New School in New York.

PENSIONS & INVESTMENTS

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