

105TH CONGRESS
1ST SESSION

S. 622

To amend the Internal Revenue Code of 1986 to modify the application of the pension nondiscrimination rules to governmental plans.

IN THE SENATE OF THE UNITED STATES

APRIL 22, 1997

Mr. HATCH (for himself, Mr. CONRAD, Mr. COCHRAN, Mr. GREGG, Ms. MOSELEY-BRAUN, Mr. ENZI, Mr. INOUYE, Mr. BAUCUS, Mr. REID, Mr. D'AMATO, Mr. KYL, Mr. ASHCROFT, Mr. DOMENICI, Mr. HAGEL, Mr. BOND, Mr. THOMAS, Mr. MURKOWSKI, and Mr. NICKLES) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to modify the application of the pension nondiscrimination rules to governmental plans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. MODIFICATIONS TO NONDISCRIMINATION AND

4 MINIMUM PARTICIPATION RULES WITH RE- 5 SPECT TO GOVERNMENTAL PLANS.

6 (a) GENERAL NONDISCRIMINATION AND PARTICIPA-
7 TION RULES.—

6 “(G) GOVERNMENTAL PLANS.—Para-
7 graphs (3) and (4) shall not apply to a govern-
8 mental plan (within the meaning of section
9 414(d)).”.

14 “(H) EXCEPTION FOR GOVERNMENTAL
15 PLANS.—This paragraph shall not apply to a
16 governmental plan (within the meaning of sec-
17 tion 414(d)).”.

22 “(2) A plan described in paragraph (1) shall be
23 treated as meeting the requirements of this section
24 for purposes of section 401(a), except that in the
25 case of a plan described in subparagraph (B), (C),

1 or (D) of paragraph (1), this paragraph shall only
2 apply if such plan meets the requirements of section
3 401(a)(3) (as in effect on September 1, 1974).”.

4 (b) PARTICIPATION STANDARDS FOR QUALIFIED
5 CASH OR DEFERRED ARRANGEMENTS.—Section
6 401(k)(3) of the Internal Revenue Code of 1986 (relating
7 to application of participation and discrimination stand-
8 ards) is amended by adding at the end the following:

9 “(G)(i) The requirements of subparagraph
10 (A)(i) and (C) shall not apply to a govern-
11 mental plan (within the meaning of section
12 414(d)).

13 “(ii) The requirements of subsection
14 (m)(2) (without regard to subsection (a)(4))
15 shall apply to any matching contribution of a
16 governmental plan (as so defined).”.

17 (c) NONDISCRIMINATION RULES FOR SECTION
18 403(b) PLANS.—Section 403(b)(12) of the Internal Reve-
19 nue Code of 1986 (relating to nondiscrimination require-
20 ments) is amended by adding at the end the following:

21 “(C) GOVERNMENTAL PLANS.—For pur-
22 poses of paragraph (1)(D), the requirements of
23 subparagraph (A)(i) shall not apply to a gov-
24 ernmental plan (within the meaning of section
25 414(d)).”.

1 (d) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by
3 this section apply to taxable years beginning on or
4 after the date of enactment of this Act.5 (2) TREATMENT FOR YEARS BEGINNING BE-
6 FORE DATE OF ENACTMENT.—A governmental plan
7 (within the meaning of section 414(d) of the Inter-
8 nal Revenue Code of 1986) shall be treated as satis-
9 fying the requirements of sections 401(a)(3),
10 401(a)(4), 401(a)(26), 401(k), 401(m), 403
11 (b)(1)(D) and (b)(12), and 410 of such Code for all
12 taxable years beginning before the date of enactment
13 of this Act.

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