

BILL ANALYSIS

Senate Research Center

S.B. 1460
By: Armbrister
State Affairs
4-6-97
As Filed

DIGEST

The Small Business Job Protection Act (SBJPA) passed in the fall of 1996 creates a new benefit known as a "Qualified Governmental Excess Benefit Arrangement" through the addition of Section 415(m) of the Internal Revenue Code of 1996, as amended. An excess benefit plan is designed to allow governmental plan participants to improve their retirement benefits. There are concerns that certain sections of the Internal Revenue Code impose limitations on a participant's annual benefit. This bill modifies any limits imposed under Section 415 so that the governmental plan benefit does not have to be curtailed in any manner.

PURPOSE

As proposed, S.B. 1460 sets forth provisions for the designation of excess benefits.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 830.004, Government Code, by adding Subsection (c), to authorize an institution of higher education to establish a qualified governmental excess benefit arrangement as provided in Section 415(m) of the Internal Revenue Code of 1986, as amended, for the purpose of providing to participants in the optional retirement program that part of the participant's benefits otherwise payable under the terms of the optional retirement program, except in certain circumstances. Authorizes the governing board of an institution of higher education to take such action to develop a qualified governmental excess benefit arrangement as provided by this section.

SECTION 2. Emergency clause.
Effective date: upon passage.