

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 1460  
By: Armbrister  
State Affairs  
4-10-97  
Committee Report (Substituted)

### **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, C.S.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 (26 U.S.C. Section 415(m)), as amended, for the purpose of providing to participants in the optional retirement program that any portion of the participant's benefits that would otherwise be payable under the terms of the program, except for the limitation on benefits imposed by Section 415 of the Internal Revenue Code of 1986. Authorizes the governing board of an institution of higher education to take any action necessary to establish and implement a governmental excess benefit arrangement authorized in accordance with this subsection.

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

### **SUMMARY OF COMMITTEE CHANGES**

#### **SECTION 1.**

Amends Section 830.004, Government Code, to authorize the governing board of an institution of higher education to take any action necessary to establish and implement a governmental excess benefit arrangement authorized in accordance with this subsection.