

MEMO# 7921

June 4, 1996

ADMINISTRATION ISSUES POSITION ON H.R. 3448

1 See Institute Memorandum to Pension Members No. 21-96, dated May 24, 1996. VIA FAX June 4, 1996 TO: PENSION COMMITTEE No. 22-96 RE: ADMINISTRATION ISSUES POSITION ON H.R. 3448

The Clinton Administration has issued the attached statement of its position on H.R. 3448, the Small Business Job Protection Act. As previously reported¹, H.R. 3448 includes small employer plan and pension simplification legislation, as well as a proposed increase in the minimum wage. H.R. 3448, which was passed by the House, is currently being considered by the Senate. With regard to the pension legislation included in the bill, the Administration indicates its general support, but suggests that pension proposals should be enacted in legislation separate from a bill to increase the minimum wage. The Administration also states its concern with some of the details of the pension proposals including the need to require "more meaningful employer contributions" in any simplified small employer pension plan, the desire for "a more appropriate" definition of highly compensated employee and concern that the bill's three-year waiver of the excise tax on excess distributions would add complexity to the law and encourage plan terminations. (The waiver is included in the bill as part of the repeal of the section 415(e) combined plan limit, the effective date of which is delayed in the bill to January, 1999.) The Administration also states its strong opposition to certain tax proposals in H.R. 3448 that are unrelated to the pension provisions. We will keep you informed of developments. Russell G. Galer Assistant Counsel - Pension Attachment

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