

MEMO# 5889

May 17, 1994

HOUSE APPROVES 30% REPEAL, SHAREHOLDER BASIS REPORTING, COMMON TRUST FUND CONVERSION, AND PENSION SIMPLIFICATION PROVISIONS

1 For more details on the bill's provisions, see Memorandum to Board of Governors No. 99-93, Federal Legislation Committee No. 37-93, and Federal Legislation Members No. 34-93, dated November 3, 1993. May 17, 1994 TO: BOARD OF GOVERNORS NO. 41-94 FEDERAL LEGISLATION COMMITTEE NO. 12-94 FEDERAL LEGISLATION MEMBERS NO. 10-94 30% REPEAL ISSUES GROUP RE: HOUSE APPROVES 30% REPEAL, SHAREHOLDER BASIS REPORTING, COMMON TRUST FUND CONVERSION, AND PENSION SIMPLIFICATION PROVISIONS _____ Today, the House approved and sent to the Senate H.R. 3419, the "Tax Simplification and Technical Corrections Act of 1993." The bill has several provisions relating specifically to mutual funds, including ones which would repeal the 30% limitation, require that funds report cost basis information to shareholders redeeming shares, and permit the conversion of bank common trust funds to mutual funds. The bill also incorporates pension simplification provisions including provisions to simplify nondiscrimination rules for 401 (k) plans and to increase from 25 to 100 the maximum number of participants in a Salary Reduction Simplifies Employee Pension. 1 No schedule has yet been set for Senate action on this bill. We will keep you posted as further developments occur. Please call if you would like additional information. This memo can also be found on FUNDS, the Institute's Fund User Network and Delivery System, under "Legislative Affairs; Washington Update." Michael Stern Legislative Representative for Taxation