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HOUSE JOINT RESOLUTION NO. 179

House Amendments in [] — February 13, 1996

Memorializing [~~Congress~~ the Congress of the United States] to enact legislation to provide that public employees' deferred compensation funds may be used for no other purpose than to return deferred compensation assets and income to the plan's participants and their beneficiaries.

Patrons—Bryant, Abbitt, Bennett, Cantor, Cox, Crouch, Drake, Dudley, Fisher, Hall, Ingram, Katzen, Kilgore, Landes, Marshall, McDonnell, McEachin, Morgan, Nelms, Nixon, Putney, Reid, Rhodes, Rollison, Ruff, Sherwood, Tate, Wagner, Wardrup, Watkins, Watts, Way and Wilkins; Senators: Hawkins, Newman and Stosch

Referred to Committee on Rules

WHEREAS, employees of the Commonwealth and its political subdivisions may defer compensation to a date later in life when tax rates might be more advantageous; and

WHEREAS, this deferred income remains the "property" of the employer as required by federal Internal Revenue Service regulations and technically has not been distributed to the employee; and

WHEREAS, because the deferred compensation remains in the hands of the employer, there is a possibility that the employer can access deferred compensation funds should the employer find itself in need of revenue for any purpose; and

WHEREAS, language contained in federal legislation [~~; H.R. 3419, Section 11458,~~] would have required that all assets and income in state and local government deferred compensation plans be held in trust for the exclusive benefit of participants and their parties; and

WHEREAS, current law prevents states from enacting similar requirements without compromising the tax advantages of deferred compensation plans; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Congress be urged to enact legislation [to provide that public employees' deferred compensation funds may be used for no other purpose than to return deferred compensation assets and income to the plan's participants and their beneficiaries. The Congress is urged] to provide that all assets and earnings of deferred compensation plans for state and local government employees be held in trust for the exclusive benefit of participants and their beneficiaries; and, be it

RESOLVED FURTHER, That the Clerk of the House of Delegates [~~prepare a copy~~ transmit copies] of this resolution [~~for presentation~~] to the President of the United States, the Speaker of the United States House of Representatives, the President of the United States Senate, and the members of the Virginia Congressional Delegation in order that they may be apprised of the sense of the General Assembly of Virginia on this issue.

ENGROSSED

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