

106TH CONGRESS  
1ST SESSION

# H. R. 3246

To amend title IV of the Employee Retirement Income Security Act of 1974 to reduce the amount of premiums required to be paid by small businesses to the Pension Benefit Guaranty Corporation.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 1999

Mr. BASS (for himself, Mr. DUNCAN, Mrs. CHRISTENSEN, Mrs. ROUKEMA, Mrs. MYRICK, Mrs. JOHNSON of Connecticut, Mr. PETERSON of Pennsylvania, and Mr. DOYLE) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To amend title IV of the Employee Retirement Income Security Act of 1974 to reduce the amount of premiums required to be paid by small businesses to the Pension Benefit Guaranty Corporation.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Pen-  
5 sion Accessibility Act of 1999”.

1 **SEC. 2. REDUCED PBGC PREMIUM FOR NEW PLANS OF**  
2 **SMALL EMPLOYERS.**

3 (a) IN GENERAL.—Subparagraph (A) of section  
4 4006(a)(3) of the Employee Retirement Income Security  
5 Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended—

6 (1) in clause (i), by inserting “other than a new  
7 single-employer plan (as defined in subparagraph  
8 (F)) maintained by a small employer (as so de-  
9 fined),” after “single-employer plan,”

10 (2) in clause (iii), by striking the period at the  
11 end and inserting “, and”, and

12 (3) by adding at the end the following new  
13 clause:

14 “(iv) in the case of a new single-employer plan  
15 (as defined in subparagraph (F)) maintained by a  
16 small employer (as so defined) for the plan year, \$5  
17 for each individual who is a participant in such plan  
18 during the plan year.”.

19 (b) DEFINITION OF NEW SINGLE-EMPLOYER  
20 PLAN.—Section 4006(a)(3) of the Employee Retirement  
21 Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is  
22 amended by adding at the end the following new subpara-  
23 graph:

24 “(F)(i) For purposes of this paragraph, a single-em-  
25 ployer plan maintained by a contributing sponsor shall be  
26 treated as a new single-employer plan for each of its first

1 5 plan years if, during the 36-month period ending on the  
2 date of the adoption of such plan, the sponsor or any  
3 member of such sponsor's controlled group (or any prede-  
4 cessor of either) had not established or maintained a plan  
5 to which this title applies with respect to which benefits  
6 were accrued for substantially the same employees as are  
7 in the new single-employer plan.

8 “(ii)(I) For purposes of this paragraph, the term  
9 ‘small employer’ means an employer which on the first day  
10 of any plan year has, in aggregation with all members of  
11 the controlled group of such employer, 100 or fewer em-  
12 ployees.

13 “(II) In the case of a plan maintained by two or more  
14 contributing sponsors that are not part of the same con-  
15 trolled group, the employees of all contributing sponsors  
16 and controlled groups of such sponsors shall be aggregated  
17 for purposes of determining whether any contributing  
18 sponsor is a small employer.”.

19 (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to plans established after Decem-  
21 ber 31, 2000.

22 **SEC. 3. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR**  
23 **NEW AND SMALL PLANS.**

24 (a) NEW PLANS.—Subparagraph (E) of section  
25 4006(a)(3) of the Employee Retirement Income Security

1 Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by  
2 adding at the end the following new clause:

3 “(v) In the case of a new defined benefit plan, the  
4 amount determined under clause (ii) for any plan year  
5 shall be an amount equal to the product of the amount  
6 determined under clause (ii) and the applicable percent-  
7 age. For purposes of this clause, the term ‘applicable per-  
8 centage’ means—

9 “(I) 0 percent, for the first plan year.

10 “(II) 20 percent, for the second plan year.

11 “(III) 40 percent, for the third plan year.

12 “(IV) 60 percent, for the fourth plan year.

13 “(V) 80 percent, for the fifth plan year.

14 For purposes of this clause, a defined benefit plan (as de-  
15 fined in section 3(35)) maintained by a contributing spon-  
16 sor shall be treated as a new defined benefit plan for its  
17 first 5 plan years if, during the 36-month period ending  
18 on the date of the adoption of the plan, the sponsor and  
19 each member of any controlled group including the spon-  
20 sor (or any predecessor of either) did not establish or  
21 maintain a plan to which this title applies with respect  
22 to which benefits were accrued for substantially the same  
23 employees as are in the new plan.”.

1 (b) SMALL PLANS.—Paragraph (3) of section  
2 4006(a) of the Employee Retirement Income Security Act  
3 of 1974 (29 U.S.C. 1306(a)) is amended—

4 (1) by striking “The” in subparagraph (E)(i)  
5 and inserting “Except as provided in subparagraph  
6 (G), the”, and

7 (2) by inserting after subparagraph (F) the fol-  
8 lowing new subparagraph:

9 “(G)(i) In the case of an employer who has 25 or  
10 fewer employees on the first day of the plan year, the addi-  
11 tional premium determined under subparagraph (E) for  
12 each participant shall not exceed \$5 multiplied by the  
13 number of participants in the plan as of the close of the  
14 preceding plan year.

15 “(ii) For purposes of clause (i), whether an employer  
16 has 25 or fewer employees on the first day of the plan  
17 year is determined taking into consideration all of the em-  
18 ployees of all members of the contributing sponsor’s con-  
19 trolled group. In the case of a plan maintained by two  
20 or more contributing sponsors, the employees of all con-  
21 tributing sponsors and their controlled groups shall be ag-  
22 gregated for purposes of determining whether 25-or-fewer-  
23 employees limitation has been satisfied.”.

24 (c) EFFECTIVE DATES.—

1           (1) SUBSECTION (a).—The amendments made  
2           by subsection (a) shall apply to plans established  
3           after December 31, 2000.

4           (2) SUBSECTION (b).—The amendments made  
5           by subsection (b) shall apply to plan years beginning  
6           after December 31, 2000.

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