

115TH CONGRESS
2D SESSION

H. R. 6290

To amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2018

Mr. NUNES (for himself, Mr. CALVERT, Mr. STEWART, and Mr. McCLINTOCK) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.

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 “Public Employee Pen-
5 sion Transparency Act”.

1 **SEC. 2. REPORTING REQUIREMENT FOR CERTAIN STATE**
2 **OR LOCAL GOVERNMENT RETIREMENT**
3 **PLANS AS CONDITION FOR STATE AND LOCAL**
4 **BONDS TAX EXEMPTION.**

5 (a) IN GENERAL.—Subpart B of part IV of sub-
6 chapter B of chapter 1 of the Internal Revenue Code of
7 1986 is amended by adding at the end the following new
8 section:

9 **“SEC. 149A. REPORTING WITH RESPECT TO CERTAIN STATE**
10 **OR LOCAL GOVERNMENT RETIREMENT**
11 **PLANS.**

12 “(a) IN GENERAL.—In the case of a failure to satisfy
13 the report requirements of subsection (c) with respect to
14 any plan maintained with respect to an employee of a
15 State, a political subdivision of a State, or any agency or
16 instrumentality of a State or political subdivision of a
17 State, section 103 shall not apply to the interest on any
18 bond issued during the noncompliance period by any such
19 State or political subdivision.

20 “(b) NONCOMPLIANCE PERIOD.—For purposes of
21 this section, the term ‘noncompliance period’ means, with
22 respect to any State or political subdivision, the period be-
23 ginning on the date that the Secretary notifies such State
24 or political subdivision of a failure to satisfy the require-
25 ments of subsection (c) with respect to a plan and ending

1 on the date that such failure is corrected (as determined
2 by the Secretary).

3 “(c) ANNUAL REPORT REQUIREMENTS.—

4 “(1) IN GENERAL.—The requirements of this
5 subsection shall not be treated as met unless, not
6 later than 210 days after the end of each plan year
7 beginning on or after January 1, 2019, the plan
8 sponsor of a State or local government applicable re-
9 tirement plan files with the Secretary (in such form
10 and manner as shall be prescribed by the Secretary)
11 a report setting forth the following information with
12 respect to the plan, as determined by the plan spon-
13 sor as of the last day of such plan year:

14 “(A) A statement (determined according to
15 the plan’s funding method) of the plan liability,
16 the value of plan assets, the amount by which
17 (if any) the plan liability exceeds the value of
18 plan assets, and the funding percentage of the
19 plan.

20 “(B) A schedule of all contributions by the
21 plan sponsor for the plan year that indicates
22 which contributions are taken into account
23 under subparagraph (A).

1 “(C) Projections for each of the 60 subse-
2 quent plan years of the cash flows associated
3 with the plan liability.

4 “(D) A statement of the actuarial assump-
5 tions used for the plan year, including the rate
6 of return on investment of plan assets and as-
7 sumptions as to such other matters as the Sec-
8 retary may prescribe by regulation.

9 “(E) The number of each of the following
10 types of participant:

11 “(i) Separated from service and re-
12 ceiving benefits.

13 “(ii) Not described in clause (i), sepa-
14 rated from service, and entitled to future
15 benefits.

16 “(iii) Accruing and receiving benefits.

17 “(iv) Not described in clause (iii) and
18 accruing benefits.

19 “(F) A statement of the plan’s investment
20 returns (including the rate of return) for the
21 plan year and the 5 preceding plan years.

22 “(G) Pursuant to such regulations as the
23 Secretary shall prescribe, an explanation of the
24 plan’s funding policy, and a statement of the
25 degree to which, and manner in which, the plan

1 sponsor expects to eliminate any unfunded plan
2 liability for the plan year and the extent to
3 which the plan sponsor has followed the plan's
4 funding policy for each of the preceding 5 plan
5 years.

6 “(H) A statement of the amount of any
7 pension obligation bonds outstanding.

8 “(I) A statement of the current cost of the
9 plan for the plan year determined according to
10 the plan's funding method.

11 “(J) A statement of the plan's administra-
12 tive and investment expenses.

13 “(2) SUPPLEMENT TO REPORT WITH PRE-
14 SCRIBED VALUATION AND INTEREST RATES.—

15 “(A) IN GENERAL.—In the case of an an-
16 nual report under which—

17 “(i) plan assets are not valued at fair
18 market value,

19 “(ii) any interest rate used to deter-
20 mine the value of plan liabilities under sub-
21 paragraph (A) or (I) of paragraph (1) is
22 not an interest rate described in subpara-
23 graph (B), or

1 “(iii) the present value of an accrued
2 benefit is not determined as described in
3 subparagraph (C),

4 the requirements of this subsection shall not be
5 treated as met unless the plan sponsor also in-
6 cludes in such annual report the information
7 described in subparagraphs (A) and (I) of para-
8 graph (1), determined as of the last day of such
9 plan year by valuing plan assets at fair market
10 value, by using the interest rates described in
11 subparagraph (B) to value liabilities, and by de-
12 termining the present value of accrued benefits
13 as described in subparagraph (C).

14 “(B) INTEREST RATES BASED ON TREAS-
15 URY SPOT RATE YIELD CURVE.—

16 “(i) IN GENERAL.—The interest rates
17 described in this subparagraph are, with
18 respect to any day, the rates of interest
19 which shall be determined by the Secretary
20 for such day on the basis of the Treasury
21 spot rate yield curve for such day.

22 “(ii) TREASURY SPOT RATE YIELD
23 CURVE.—For purposes of this subpara-
24 graph, the term ‘Treasury spot rate yield
25 curve’ means, with respect to any day, the

1 spot rate for such day on interest-bearing
2 obligations of the United States.

3 “(C) DETERMINING PRESENT VALUE OF
4 ACCRUED BENEFITS.—The present value of an
5 accrued benefit is determined as described in
6 this subparagraph if—

7 “(i) it is determined by discounting its
8 future cash flows in accordance with sub-
9 paragraph (B), and

10 “(ii) the present value of all benefits
11 accrued for each participant is calculated
12 as of the last day of such plan year using
13 the unit credit funding method.

14 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
15 poses of this section—

16 “(1) STATE OR LOCAL GOVERNMENT APPLICA-
17 BLE RETIREMENT PLAN.—The term ‘State or local
18 government applicable retirement plan’ means any
19 plan described in clause (i), (ii), (iii), or (iv) of sec-
20 tion 219(g)(5)(A) (other than a defined contribution
21 plan (within the meaning of section 414(i))), which
22 is maintained by a State, a political subdivision of
23 a State, or any agency or instrumentality of a State
24 or political subdivision of a State.

1 “(2) FUNDING PERCENTAGE.—The term ‘fund-
2 ing percentage’ for a plan year means the ratio (ex-
3 pressed as a percentage) which—

4 “(A) the value of plan assets as of the end
5 of the plan year, bears to

6 “(B) the plan liability of the plan for the
7 plan year.

8 “(3) PLAN LIABILITY.—The term ‘plan liability’
9 of a plan for a plan year means the present value
10 of all benefits accrued or earned under the plan as
11 of the last day of the plan year.

12 “(4) CURRENT COST.—The term ‘current cost’
13 of a plan for a plan year means the present value
14 as of the end of the plan year of all benefits accrued
15 or earned under the plan during the plan year.

16 “(5) PLAN SPONSOR.—The term ‘plan sponsor’
17 means, in connection with a State or local govern-
18 ment applicable retirement plan, the State, political
19 subdivision of a State, or agency or instrumentality
20 of a State or a political subdivision of a State which
21 establishes or maintains the plan. For purposes of
22 report filing requirements under this section, such
23 term shall include the administrator of the plan on
24 behalf of the plan sponsor in the case of a plan
25 which is not administered by the plan sponsor.

1 “(6) PARTICIPANT.—

2 “(A) IN GENERAL.—The term ‘participant’
3 means, in connection with a State or local gov-
4 ernment applicable retirement plan, an indi-
5 vidual—

6 “(i) who is an employee or former em-
7 ployee of a State, political subdivision of a
8 State, or agency or instrumentality of a
9 State or a political subdivision of a State
10 which is the plan sponsor of such plan, and

11 “(ii) who is or may become eligible to
12 receive a benefit of any type from such
13 plan or whose beneficiaries may be eligible
14 to receive any such benefit.

15 “(B) BENEFICIARY.—The term ‘bene-
16 ficiary’ means a person designated by a partici-
17 pant, or by the terms of the plan, who is or
18 may become entitled to a benefit thereunder.

19 “(7) PLAN YEAR.—The term ‘plan year’ means,
20 in connection with a plan, the calendar or fiscal year
21 on which the records of the plan are kept.

22 “(8) STATE.—The term ‘State’ includes any
23 State of the United States, the District of Columbia,
24 the Commonwealth of Puerto Rico, the United
25 States Virgin Islands, American Samoa, Guam, and

1 the Commonwealth of the Northern Mariana Is-
2 lands.

3 “(9) FAIR MARKET VALUE.—The term ‘fair
4 market value’ has the meaning of such term under
5 section 430(g)(3)(A) (without regard to section
6 430(g)(3)(B)).

7 “(e) MODEL REPORTING STATEMENT.—The Sec-
8 retary shall develop model reporting that plan sponsors of
9 State or local government employee pension plans may
10 elect to use for purposes of complying with requirements
11 of such subsections (c).

12 “(f) TRANSPARENCY OF INFORMATION FILED.—Re-
13 ports filed under this section shall be public records open
14 to the inspection of the public, and the Secretary shall cre-
15 ate and maintain a searchable public website on which the
16 Secretary shall post such reports not later than 60 days
17 after receipt.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for subpart B of part IV of subchapter B of chapter 1
20 of such Code is amended by adding at the end the fol-
21 lowing new item:

“Sec. 149A. Reporting with respect to certain State or local government retire-
ment plans.”.

1 **SEC. 3. GENERAL PROVISIONS AND RULES OF CONSTRUC-**
2 **TION.**

3 (a) LIMITATIONS ON FEDERAL RESPONSIBILITIES
4 RELATING TO PLAN OBLIGATIONS AND LIABILITIES.—
5 The United States shall not be liable for any obligation
6 related to any current or future shortfall in any State or
7 local government applicable retirement plan. Nothing in
8 this Act (or any amendment made by this Act) or any
9 other provision of law shall be construed to provide Fed-
10 eral Government funds to diminish or meet any current
11 or future shortfall in, or obligation of, any State or local
12 government applicable retirement plan. The preceding sen-
13 tence shall also apply to the Federal Reserve.

14 (b) NO FEDERAL FUNDING STANDARDS.—Nothing
15 in this Act (or any amendment made by this Act) shall
16 be construed to alter existing funding standards for State
17 or local government applicable retirement plans or to re-
18 quire Federal funding standards for such plans.

19 (c) DEFINITIONS.—Terms used in this section which
20 are also used in section 149A of the Internal Revenue
21 Code of 1986 shall have the same meaning as when used
22 in such section.

○