

43:3C-9

4/6/87

LEGISLATIVE HISTORY CHECKLIST

NJSA: 43:3C-9 (State retirement systems-- employer pick-up of employee contributions)

CHAPTER 188

Laws Of: 1986

Bill No: A3245

Sponsor(s): Rafferty and others

Date Introduced: October 2, 1986

Committee: Assembly: State Government

Senate: State Government

Amended during passage: No

Date of Passage: Assembly: November 10, 1986

Senate: December 15, 1986

Date of Approval: December 16, 1986

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

Internal Revenue Ruling, referred to in statements: Rev. Rul. 81-35 and Rev Rul. 81-36-- attached.

ASSEMBLY, No. 3245
STATE OF NEW JERSEY

INTRODUCED OCTOBER 2, 1986

By Assemblymen RAFFERTY, FOY, Penn, Stuhltrager, Collins,
Naples, Hudak and Zimmer

AN ACT concerning employee contributions to the State-administered pension funds and retirement systems, and supplementing Title 43 of the Revised Statutes.

1 BE IT ENACTED by the Senate and General Assembly of the State
2 of New Jersey:

1 1. The mandatory contributions by members to the Teachers'
2 Pension and Annuity Fund required by N. J. S. 18A:66-31, to the
3 Judicial Retirement System required by section 26 of P. L. 1981,
4 c. 470 (C. 43:6A-34.1), to the Prison Officer's Pension Fund re-
5 quired by section 7 of P. L. 1941, c. 220 (C. 43:7-13), to the Public
6 Employees' Retirement System required by section 25 of P. L. 1954,
7 c. 84 (C. 43:15A-25), to the Consolidated Police and Firemen's
8 Pension Fund required by R. S. 43:16-5, to the Police and Fire-
9 men's Retirement System required by section 15 of P. L. 1944,
10 c. 255 (C. 43:16A-15), and the State Police Retirement System
11 required by section 38 of P. L. 1965, c. 89 (C. 53:5A-38), shall be
12 picked up by their employers and shall be treated as employer
13 contributions as provided by section 414(h) of the United States
14 Internal Revenue Code. The amount of contributions on behalf of
15 each member shall continue to be included as regular compensation
16 for all other purposes, except that the amount shall not be included
17 in the computation of federal income taxes withheld from the mem-
18 bers' compensation.

1 2. This act shall take effect on January 1, 1987.

STATEMENT

The purpose of this bill is to provide for the implementation of the provisions of section 414(h) of the Internal Revenue Code with respect to the State-administered pension funds and retirement systems. This section of the code permits employee contributions to be considered as employer contributions for federal income tax purposes and to be sheltered from federal income taxes until they are received after retirement. This will result in a current tax benefit for all of the members of the retirement systems. A ruling is required from the Internal Revenue Service on whether the State pension funds and retirement system qualify for application of section 414(h). The act would take effect on January 1, 1987, but could not be implemented under federal law until a favorable ruling is received from the Internal Revenue Service on the applicability of section 414(h) to the State pension funds and retirement systems.

PENSIONS AND RETIREMENT—PERS, TPAF, OTHER
Implements employer pick-up of employee contributions in State-administered retirement systems.

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PENSIONS AND RETIREMENT—PERS, TPAF, OTHER
Implements employer pick-up of employee contributions in State-administered retirement systems.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3245

STATE OF NEW JERSEY

DATED: OCTOBER 27, 1986

The Assembly State Government Committee reports favorably Assembly Bill No. 3245.

This bill provides for the implementation of the provisions of section 414 (h) of the Internal Revenue Code with respect to the State-administered pension funds and retirement systems. This section of the code permits employee contributions to be considered as employer contributions for federal income tax purposes and to be sheltered from federal income taxes until they are received after retirement. This will result in a current tax benefit for all the members of the retirement systems.

The affected retirement systems are the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund, the Police and Firemen's Retirement System, the State Police Retirement System, the Judicial Retirement System, the Prison Officers' Pension Fund, and the Consolidated Police and Firemen's Pension Fund.

SENATE STATE GOVERNMENT AND FEDERAL AND
INTERSTATE RELATIONS AND VETERANS AFFAIRS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 3245

STATE OF NEW JERSEY

DATED: DECEMBER 8, 1986

The Senate State Government Committee reports favorably Assembly Bill No. 3245.

This bill provides for the implementation of section 414 (h) of the federal Internal Revenue Code with respect to State-administered pension funds and retirement systems. This section of the code permits employee contributions to be considered as employer contributions for federal income tax purposes and to be sheltered from federal income taxes until they are received upon retirement. This will result in a current tax benefit for members of the retirement systems. Contributions on behalf of each member shall continue to be included as regular compensation for all other purposes.

A favorable ruling has been received from the Internal Revenue Service on the applicability of section 414 (h) to the State pension funds and retirement systems.

This act shall take effect January 1, 1987. It shall apply to the Teachers' Pension and Annuity Fund, the Judicial Retirement System, the Prison Officers' Pension Fund, the Public Employees' Retirement System, the Consolidated Police and Firemen's Pension Fund, the Police and Firemen's Retirement System, and the State Police Retirement System.