

# MAINE STATE LEGISLATURE

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m  
A. G. S.

L.D. 411

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DATE: April 22, 1997

(Filing No. S- 134 )

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**LABOR**

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Reported by: Senator Cathcart

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**STATE OF MAINE  
SENATE  
118TH LEGISLATURE  
FIRST REGULAR SESSION**

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COMMITTEE AMENDMENT " A " to S.P. 132, L.D. 411, Bill, "An Act to Bring Certain State Retirement Laws into Compliance with Federal Laws"

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Amend the bill by inserting after the title and before the enacting clause the following:

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**'Emergency preamble. Whereas,** Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

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**Whereas,** the federal Small Business Protection Act of 1996 amended the law regarding treatment of assets and income of deferred compensation plans for state and local employees under the United States Internal Revenue Code, Section 457 making state law inconsistent with the federal law; and

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**Whereas,** immediate amendment of current state law is necessary to permit state and local governments to convert the provisions of existing deferred compensation plans for employees and to establish new plans consistent with federal law; and

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**Whereas,** in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, '

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Further amend the bill in section 1 in that part designated "**§888.**" in the first paragraph in the 9th line (page 1, line 16 in L.D.) by inserting after the following: "457." the

**COMMITTEE AMENDMENT**

R. 018

COMMITTEE AMENDMENT "A" to S.P. 132, L.D. 411

2 following: 'For purposes of this section, custodial accounts,  
3 annuity contracts and other contracts described in the United  
4 States Internal Revenue Code, Section 457(g) must be treated as  
5 trusts.'

6 Further amend the bill by inserting at the end before the  
7 summary the following:

8 **'Emergency clause.** In view of the emergency cited in the  
9 preamble, this Act takes effect when approved.'

12 **SUMMARY**

13 This amendment provides for the treatment of custodial  
14 accounts, annuity contracts and other contracts for deferral of  
15 employee compensation under the State's deferred compensation  
16 plan as trusts consistent with federal law. This amendment also  
17 adds an emergency preamble and clause to the bill.