



Legislative Bulletin.....July 18, 2011

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H.R. 33 — Church Plan Investment Clarification Act

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Order of Business: The bill is scheduled to be considered on July 18, 2011 under a motion to suspend the rules and pass the bill

Summary: H.R. 33 amends the Securities Act of 1933 to specify when certain securities issued in connection with church plans are treated as exempted securities for purposes of that act. The legislation allows for church pensions plans to accompany other pension plans in collective trust funds that are offered by banks and trust companies.

Background: The Securities Act of 1933 currently prevents church pension plans from investing in collective trusts. Collective trusts are investment funds established by institutional investors for the purpose of engaging in investment deals that involve large amounts of resources, and the vehicle allows institutional investors to combine purchasing power of the member institutions so that the investors may engage in financial transactions that would not be feasible individually. Collective trust funds are also exempt from requirements to register with the Securities and Exchange Commission just as long as the collective trust fund accepts investments from certain eligible employee-benefit plans. Many pension plans join with other pension plans and invest in these types of instruments in order to diversify their portfolio and the current law excludes church plans from participating in collective trust investments. According to the committee report, “Ms. (Meredith) Cross (the Security and Exchange Commissioner Director) indicated that the SEC wholeheartedly embraced the idea that participants in a church plan should have the same opportunities as participants in other plans and that there should not be regulatory obstacles to such investment, although the Commission itself had not officially adopted a position on the bill.”

Committee Action: H.R. 33 was introduced on January 5, 2011, and referred to the House the Committee on Financial Services. The Committee on Financial Services amended H.R 33 and reported the legislation to the House on July 1, 2011.

Administration Position: No Statement of Administration Policy was provided.

Cost to Taxpayers: According to CBO, “implementing H.R. 33 would affect federal spending subject to appropriation, but because the bill would have a negligible impact on the SEC’s workload, such effects would not be significant. Enacting H.R. 33 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.”

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: According to CBO, “H.R. 33 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: H.R. 33 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI.

Constitutional Authority: According to Representative Biggert’s statement on constitutional authority, “Congress has the power to enact this legislation pursuant to the following: Article 1, section 8, clause 1 (relating to the general welfare of the United States) and clause 3 (relating to the power to regulate foreign and interstate commerce).”

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