

103^D CONGRESS
1ST SESSION

H. R. 1094

To amend the Internal Revenue Code of 1986 to provide that distributions to involuntarily unemployed individuals from individual retirement accounts will not be subject to the additional tax on early distributions.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 24, 1993

Mr. DIXON (for himself, Mr. RANGEL, Mrs. MALONEY, Mr. HILLIARD, Mr. DELLUMS, Mr. FRANK of Massachusetts, Ms. WOOLSEY, Mr. JEFFERSON, Mr. MINGE, Mr. KOPETSKI, Mr. FROST, Mr. HOBSON, Mr. BARRETT of Wisconsin, and Mr. GUNDERSON) 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 that distributions to involuntarily unemployed individuals from individual retirement accounts will not be subject to the additional tax on early distributions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) paragraph (2) of section 72(t) of the Internal
4 Revenue Code of 1986 (relating to exceptions) is amended
5 by adding at the end thereof the following new subpara-
6 graph:

1 “(D) DISTRIBUTIONS TO INVOLUNTARILY
2 UNEMPLOYED INDIVIDUALS.—Any distribution
3 from an individual retirement plan to an indi-
4 vidual during any period—

5 “(i) for which such individual is re-
6 ceiving unemployment compensation (as
7 defined in section 85(b)), or

8 “(ii) for which such individual would
9 have been entitled to receive unemployment
10 compensation (as so defined) but for—

11 “(I) the termination of the period
12 during which such compensation was
13 payable, or

14 “(II) an exhaustion of such indi-
15 vidual’s rights to such compensation.”

16 (b) Subsection (t) of section 72 of such Code is
17 amended by adding at the end thereof the following new
18 paragraph:

19 “(6) RECONTRIBUTION OF CERTAIN DISTRIBU-
20 TIONS TO INVOLUNTARILY UNEMPLOYED.—

21 “(A) IN GENERAL.—If an individual re-
22 ceived a distribution described in paragraph
23 (2)(D), such individual may recontribute such
24 distribution to an individual retirement plan in
25 the manner provided in this paragraph.

1 “(B) METHOD OF MAKING
2 RECONTRIBUTION.—Any retribution of a
3 distribution described in paragraph (2)(D) re-
4 ceived by any individual—

5 “(i) may be made only during the 1-
6 year period following the first week of dis-
7 qualifying employment after the receipt of
8 such distribution,

9 “(ii) shall not exceed the portion of
10 such distribution which was included in
11 gross income reduced by any prior
12 retribution under this subsection with
13 respect to such distribution, and

14 “(iii) shall be made by making a pay-
15 ment in cash for the benefit of such indi-
16 vidual to an individual retirement plan.

17 An individual making a contribution as
18 retribution under this subsection shall des-
19 ignate (in the manner prescribed by the Sec-
20 retary) such contribution as a retribution
21 under this paragraph and shall specify the dis-
22 tribution in respect of which such
23 retribution is being made.

24 “(C) TREATMENT OF RECONTRIBUTION.—

1 “(i) DEDUCTION ALLOWED.—There
2 shall be allowed as a deduction to an indi-
3 vidual making a retribution under this
4 paragraph an amount equal to the amount
5 so retributed. Such deduction shall be
6 allowable in computing adjusted gross in-
7 come and shall be allowed for the taxable
8 year in which such retribution is made.

9 “(ii) TREATED AS ROLLOVER CON-
10 TRIBUTION.—For purposes of this title,
11 any retribution under this subsection
12 shall be treated as a rollover contribution
13 described in section 403(b)(8).

14 “(D) WEEK OF DISQUALIFYING EMPLOY-
15 MENT.—For purposes of subparagraph (A), the
16 term ‘week of disqualifying employment’ means
17 any week during which the individual has em-
18 ployment which disqualifies the individual from
19 receiving unemployment compensation or would
20 so disqualify the individual but for a prior ex-
21 haustion of the individual’s rights to unemploy-
22 ment compensation or termination of the period
23 during which such compensation was payable.”

24 (c) The amendments made by this section shall apply
25 to distributions made after December 31, 1992.

