

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 719

To amend the Internal Revenue Code of 1986 to allow individuals an exclusion for contributions made pursuant to a salary reduction arrangement to accounts established pursuant to employer-provided family and medical leave plan.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 1993

Mr. GRANDY (for himself, Mr. ORTON, Mr. GOODLING, Ms. DUNN, Ms. PRYCE of Ohio, Mr. ROGERS, and Mr. KOLBE) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow individuals an exclusion for contributions made pursuant to a salary reduction arrangement to accounts established pursuant to employer-provided family and medical leave plan.

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 “Family and Medical  
5        Leave Account Act of 1993”.

6        **SEC. 2. FINDINGS AND PURPOSES.**

7        (a) FINDINGS.—The Congress finds that—

1 (1) the number of single-parent households and  
2 two-parent households in which the single parent or  
3 both parents work is increasing significantly;

4 (2) employers are increasingly crafting pro-  
5 grams and practices to address the work and family  
6 conflicts of their employees; and

7 (3) there have been some cases of inadequate  
8 job protection for some employees who have serious  
9 health conditions that prevent them from working  
10 for temporary periods.

11 (b) PURPOSES.—The Congress therefore declares  
12 that the purposes of this Act are—

13 (1) to balance the demands of the workplace  
14 with the needs of families, to promote stability and  
15 economic security in families, and to promote Fed-  
16 eral interests in preserving family integrity;

17 (2) to promote increased opportunities for em-  
18 ployees to take reasonable leave for situations where  
19 they are physically unable to perform work, or to  
20 care for an immediate family member that is seri-  
21 ously ill, without loss of employment or employment-  
22 related benefits; and

23 (3) to accomplish such purposes in a manner  
24 which accommodates the legitimate interests of em-  
25 ployers, promotes the development of creative poli-

1       cies and related benefit programs which are pre-  
2       ferred by employees and which take into account the  
3       needs of both work and family.

4       **SEC. 3. FAMILY AND MEDICAL LEAVE ACCOUNTS.**

5       (a) IN GENERAL.—Part III of subchapter B of chap-  
6       ter 1 of the Internal Revenue Code of 1986 (relating to  
7       items specifically excluded from gross income) is amended  
8       by redesignating section 137 as section 138 and by insert-  
9       ing after section 136 the following new section:

10      **“SEC. 137. FAMILY AND MEDICAL LEAVE ACCOUNTS.**

11      “(a) GENERAL RULE.—For purposes of this subtitle,  
12      no amount shall be included in the gross income of an  
13      employee—

14              “(1) by reason of an employer contribution to  
15              a family and medical leave account for the benefit of  
16              such employee (whether pursuant to a salary reduc-  
17              tion arrangement or otherwise), or

18              “(2) because the employee has an election  
19              whether salary reduction contributions will be made  
20              by such employer to such an account or received by  
21              the employee in cash.

22      “(b) LIMITATION.—The amount excluded from gross  
23      income under subsection (a) for any taxable year shall not  
24      exceed the amount which, when added to the amount in  
25      the account as of the beginning of the taxable year, will

1 equal 1/2 of the employee's compensation (as defined in  
2 section 414(q)(7)) from such employer for the calendar  
3 year ending with or within such taxable year. In applying  
4 the preceding sentence, compensation in excess of \$50,000  
5 shall not be taken into account.

6 “(c) DEFINITIONS.—For purposes of this section—

7 “(1) FAMILY AND MEDICAL LEAVE ACCOUNT.—

8 The term ‘family and medical leave account’ means  
9 an account maintained by the employer exclusively  
10 for the benefit of the individual for whose benefit the  
11 account is established, but only if—

12 “(A) the account is established pursuant to  
13 a qualified family and medical leave plan of  
14 such employer and such plan meets the require-  
15 ments of subsection (d), and

16 “(B) the written governing instrument cre-  
17 ating the account meets the following require-  
18 ments:

19 “(i) No contribution will be accepted  
20 unless it is in cash and contributions will  
21 not be accepted for any taxable year in ex-  
22 cess of the limitation under subsection (b).

23 “(ii) Distributions from the account  
24 may be made only by the employer and  
25 only if—

1                   “(I) the distribution is a qualified  
2                   distribution (as defined in subsection  
3                   (e)(2)(B)),

4                   “(II) the employee dies or sepa-  
5                   rates from service, or

6                   “(III) the employee elects (as  
7                   provided in subsection (h)(1)) to dis-  
8                   continue participation in the qualified  
9                   family and medical leave plan of such  
10                  employer.

11                  “(iii) No part of the account assets  
12                  will be invested in life insurance contracts.

13                  “(iv) The interest of the individual in  
14                  the balance of his account is nonforfeit-  
15                  able.

16                  “(v) The assets of the account will not  
17                  be commingled with other property except  
18                  in a common trust fund or common invest-  
19                  ment fund.

20                  “(2) SALARY REDUCTION CONTRIBUTION.—The  
21                  term ‘salary reduction contribution’ means any em-  
22                  ployer contribution made pursuant to a salary reduc-  
23                  tion arrangement with an employee.

24                  “(3) EMPLOYEE; EMPLOYER.—The rules of  
25                  paragraphs (1) and (4) of section 401(c) shall apply

1 for purposes of this section. Section 1372 shall not  
2 apply for purposes of this section.

3 “(d) REQUIREMENTS.—The requirements of this sub-  
4 section are met if the requirements of each of the following  
5 paragraphs are met.

6 “(1) ELIGIBILITY REQUIREMENTS.—

7 “(A) IN GENERAL.—A qualified family and  
8 medical leave plan of an employer satisfies the  
9 requirements of this paragraph for any year  
10 only if each employee who has performed at  
11 least 1 year of service (as defined in section  
12 411(a)(5)) for such employer is eligible to enter  
13 into a salary reduction arrangement with such  
14 employer for purposes of having contributions  
15 made to a family and medical leave account.

16 “(B) EXCLUDED EMPLOYEES.—For pur-  
17 poses of subparagraph (A), there shall be ex-  
18 cluded—

19 “(i) employees described in subpara-  
20 graph (A) or (C) of section 410(b)(3),

21 “(ii) employees who normally work  
22 less than 17½ hours per week, and

23 “(iii) employees who elect under sub-  
24 section (h)(1) to discontinue participation  
25 in such plan.

1           “(2) NONDISCRIMINATION REQUIREMENTS FOR  
2           MATCHING CONTRIBUTIONS (IF ANY).—In the case of  
3           an employer who makes contributions to the family  
4           and medical leave account of any employee in addi-  
5           tion to salary reduction contributions to such ac-  
6           count, the qualified family and medical leave plan of  
7           such employer satisfies the requirements of this  
8           paragraph for any year only if—

9                   “(A) such additional contributions are  
10                  made on behalf of each employee who elects to  
11                  have such salary reduction contributions made,  
12                  and

13                   “(B) the amount of such additional con-  
14                  tributions for each employee is determined  
15                  using the same percentage of the salary reduc-  
16                  tion contributions.

17           “(e) TREATMENT OF DISTRIBUTIONS.—

18                   “(1) IN GENERAL.—Except as otherwise pro-  
19                  vided in this subsection, any amount paid or distrib-  
20                  uted out of a family and medical leave account shall  
21                  be included in the gross income of the individual for  
22                  whose benefit such account was established. The  
23                  basis of the individual in such account shall be zero.

24                   “(2) ADDITIONAL TAX ON CERTAIN  
25                  AMOUNTS.—

1           “(A) IN GENERAL.—If any distribution  
2           which is not a qualified distribution is made  
3           from a family and medical leave account during  
4           any taxable year, the tax under this chapter for  
5           such taxable year of the individual for whose  
6           benefit such account was established shall be  
7           increased by an amount equal to 10 percent of  
8           the amount of such distribution.

9           “(B) QUALIFIED DISTRIBUTION.—For  
10          purposes of subparagraph (A), the term ‘quali-  
11          fied distribution’ means any distribution—

12                 “(i) which is made by the employer  
13                 during a period of qualified family or medi-  
14                 cal leave (as defined in section 426), and

15                 “(ii) the amount of which, when  
16                 added to the other qualified distributions  
17                 made to the individual during such period,  
18                 does not exceed the excess of—

19                         “(I) the amount which would be  
20                         the compensation of such individual  
21                         from the employer for such period  
22                         (determined on the basis of the aver-  
23                         age rate of compensation for such in-  
24                         dividual), over

1                   “(II) the compensation (if any)  
2                   received (or to be received) by to such  
3                   individual from such employer for  
4                   such period.

5                   Such term shall not include any distribution  
6                   made during the 1-year period beginning on the  
7                   date such account was established.

8                   “(3) EXCESS CONTRIBUTIONS RETURNED BE-  
9                   FORE DUE DATE OF RETURN.—Paragraphs (1) and  
10                  (2) shall not apply to the distribution of any con-  
11                  tribution paid during a taxable year to a family and  
12                  medical leave account to the extent that such con-  
13                  tribution exceeds the amount excludable under sub-  
14                  section (a) if—

15                         “(A) such distribution is received on or be-  
16                         fore the day prescribed by law (including exten-  
17                         sions of time) for filing such individual’s return  
18                         for such taxable year,

19                         “(B) no exclusion is allowed under sub-  
20                         section (a) with respect to such excess contribu-  
21                         tion, and

22                         “(C) such distribution is accompanied by  
23                         the amount of net income attributable to such  
24                         excess contribution.

1 Any net income described in subparagraph (C) shall  
2 be included in the gross income of the individual for  
3 the taxable year in which it is received.

4 “(f) TAX TREATMENT OF ACCOUNTS.—

5 “(1) EXEMPTION FROM TAX.—A family and  
6 medical leave account shall be exempt from taxation  
7 under this subtitle unless such account has ceased to  
8 be a family and medical leave account by reason of  
9 paragraph (2). Notwithstanding the preceding sen-  
10 tence, such an account shall be subject to the taxes  
11 imposed by section 511 (relating to imposition of tax  
12 on unrelated business income of charitable, etc. or-  
13 ganizations).

14 “(2) EFFECT OF PLEDGING ACCOUNT AS SECUR-  
15 RITY.—If, during any taxable year, the individual for  
16 whose benefit a family and medical leave account  
17 was established uses the account or any portion  
18 thereof as security for a loan, the portion so used is  
19 treated as distributed to that individual during a pe-  
20 riod which is not a period of qualified family or  
21 medical leave.

22 “(g) SPECIAL RULES.—

23 “(1) ELECTION TO DISCONTINUE PARTICIPA-  
24 TION IN QUALIFIED FAMILY AND MEDICAL LEAVE  
25 PLAN.—Each employee who is a participant in a

1 qualified family and medical leave plan of the em-  
2 ployer may elect to discontinue participation in such  
3 plan. If such election is made—

4 “(A) the employer shall distribute to the  
5 employee the balance in any family and medical  
6 leave account of such employee which is held by  
7 the employer, and

8 “(B) such employee may not participate in  
9 the qualified family and medical leave plan of  
10 such employer during the 2-year period begin-  
11 ning on the date of such distribution.

12 “(2) TREATMENT OF ACCOUNT ON SEPARATION  
13 FROM SERVICE.—In the case of an employee who  
14 separates from service—

15 “(A) paragraphs (1) and (2) of subsection  
16 (e) shall not apply to any transfer from any  
17 family and medical leave account of such em-  
18 ployee to another family and medical leave ac-  
19 count of such employee (and subsection (b)  
20 shall not apply to the receipt of such transfer  
21 by such other account) if such transfer is made  
22 not later than the 180th day after the date of  
23 separation, and

24 “(B) if all amounts in any family and med-  
25 ical leave account with respect to the former

1           employer is not so transferred during such 180-  
2           day period, the employer shall distribute to the  
3           employee the balance in such account as of the  
4           close of such period.

5           Any amount distributed to the employee under sub-  
6           paragraph (B) may be rolled into an individual re-  
7           tirement plan of such employee notwithstanding any  
8           other provision of law.

9           “(3) TREATMENT OF ACCOUNT ON DEATH.—In  
10          the case of the death of an employee, the employer  
11          shall distribute the balance of any family and medi-  
12          cal leave account of such employee to the designated  
13          beneficiaries of such employee.

14          “(4) COMMUNITY PROPERTY LAWS.—This sec-  
15          tion shall be applied without regard to any commu-  
16          nity property laws.

17          “(h) REPORTS.—The employer maintaining any fam-  
18          ily and medical leave account shall make such reports re-  
19          garding such account to the Secretary and to the individ-  
20          ual for whose benefit the account is maintained with re-  
21          spect to contributions, distributions, and such other mat-  
22          ters as the Secretary may require under regulations. The  
23          reports required by this subsection shall be filed at such  
24          time and in such manner and furnished to such individuals

1 at such time and in such manner as may be required by  
2 those regulations.”

3 **SEC. 4. QUALIFIED FAMILY AND MEDICAL LEAVE PLANS.**

4 (a) IN GENERAL.—Subchapter D of chapter 1 of the  
5 Internal Revenue Code of 1986 (relating to deferred com-  
6 pensation, etc.) is amended by adding at the end thereof  
7 the following new part:

8 **“PART III—QUALIFIED FAMILY AND MEDICAL**  
9 **LEAVE PLANS.**

“Sec. 426. Qualified family and medical leave plans.

“Sec. 427. Certification requirements.

“Sec. 428. Employment and benefits protection.

10 **“SEC. 426. QUALIFIED FAMILY AND MEDICAL LEAVE PLANS.**

11 “(a) IN GENERAL.—For purposes of this title, the  
12 term ‘qualified family and medical leave plan’ means any  
13 plan which is maintained by an employer for the purpose  
14 of providing employees with family or medical leave and  
15 which meets the requirements of sections 427 and 428.

16 “(b) QUALIFIED FAMILY OR MEDICAL LEAVE.—For  
17 purposes of this section, the term ‘qualified family or med-  
18 ical leave’ means any period of leave under a qualified  
19 family or medical leave plan of an employee (irrespective  
20 of whether, or the extent to which, pay is provided there-  
21 under together with such leave) for 1 or more of the fol-  
22 lowing reasons:

23 “(1) Because of the physical incapacitation of  
24 the employee resulting from the employee’s own seri-

1       ous health condition, including medical disability as-  
2       sociated with the birth of a son or daughter of the  
3       employee.

4           “(2) In order to care for the employee’s son,  
5       daughter, spouse, or parent who has a serious health  
6       condition.

7           “(3) In order to care for a newborn son or  
8       daughter or a newly adopted son or daughter under  
9       the age of 6.

10       “(c) SERIOUS HEALTH CONDITION.—For purposes of  
11       this section, the term ‘serious health condition’ means a  
12       condition caused by an accident, disease, or health condi-  
13       tion which—

14           “(1) poses imminent danger of death;

15           “(2) requires hospitalization relating to the  
16       birth of a child or involving an organ transplant,  
17       limb amputation, or other procedure of similar se-  
18       verity; or

19           “(3) a mental or physical condition which re-  
20       quires constant in-home care.

21       “(d) SON OR DAUGHTER.—For purposes of this sec-  
22       tion, the term ‘son or daughter’ of an employee means a  
23       biological, adopted, or foster child of the employee, a step-  
24       child of the employee, or a child of which the employee  
25       has legal guardianship of the person, who is—

1 “(1) under 18 years of age, or

2 “(2) 18 years of age or older and incapable of  
3 self-care because of mental or physical disability or  
4 required complete bed rest.

5 “(e) PARENT.—For purposes of this section, the term  
6 ‘parent’ means the biological parent of the child or an indi-  
7 vidual who has legal guardianship of the person of the  
8 child when the child is a son or daughter.

9 **“SEC. 427. CERTIFICATION REQUIREMENTS.**

10 “(a) IN GENERAL.—A family and medical leave plan  
11 shall not be treated as meeting the requirements of this  
12 section unless the plan provides—

13 “(1) that the employer may require that a claim  
14 for leave described in paragraph (1) or (2) of section  
15 426(b) be supported by certification issued by the  
16 health care provider of the employee or of the em-  
17 ployee’s son, daughter, spouse, or parent, whichever  
18 is appropriate, and

19 “(2) that the employee must provide a copy of  
20 such certification to the employer.

21 “(b) SUFFICIENT CERTIFICATION.—Such certifi-  
22 cation shall be treated as sufficient if it states—

23 “(1) the date on which the serious health condi-  
24 tion commenced,

25 “(2) the probable duration of the condition,

1           “(3) the appropriate medical facts within the  
2 provider’s knowledge regarding the condition, and

3           “(4)(A) for purposes of leave described in sec-  
4 tion 426(b)(1), a statement that the employee is un-  
5 able to perform the functions of the employee’s posi-  
6 tion, and

7           “(B) for purposes of leave described in section  
8 426(b)(2), an estimate of the amount of time that  
9 the eligible employee is needed to care for the son,  
10 daughter, spouse, or parent.

11          “(c) SECOND OPINION.—A family and medical leave  
12 plan shall not be treated as meeting the requirements of  
13 this section unless the plan provides—

14           “(1) that, in any case in which the employer  
15 has reason to doubt the validity of the certification  
16 provided in accordance with subsection (a) for leave  
17 described in paragraph (1) or (2) of section 426(b),  
18 the employer may require, at its own expense, that  
19 the employee obtain the opinion of a second health  
20 care provider designated or approved by the em-  
21 ployer concerning any information certified in ac-  
22 cordance with subsection (a) for such leave, and

23           “(2) that any health care provider designated or  
24 approved pursuant to paragraph (1) may not be em-  
25 ployed on a regular basis by the employer.

1       “(d) RESOLUTION OF CONFLICTING OPINIONS.—A  
2 family and medical leave plan shall not be treated as meet-  
3 ing the requirements of this section unless the plan pro-  
4 vides—

5               “(1) that, in any case in which the second opin-  
6 ion described in subsection (c) differs from the origi-  
7 nal certification provided under subsection (a), the  
8 employer may require, at its own expense, that the  
9 employee obtain the opinion of a third health care  
10 provider designated or approved jointly by the em-  
11 ployer and the employee concerning the information  
12 certified in accordance with subsection (a), and

13               “(2) that the opinion of the third health care  
14 provider concerning the information certified in ac-  
15 cordance with subsection (a) will be considered to be  
16 final and will be binding on the employer and the  
17 employee.

18       “(e) HEALTH CARE PROVIDER.—For purposes of  
19 this section, the term ‘health care provider’ means a doc-  
20 tor of medicine or osteopathy legally authorized to practice  
21 medicine and surgery by the State in which the doctor per-  
22 forms such function or action.

23 **“SEC. 428. EMPLOYMENT AND BENEFITS PROTECTION.**

24       “(a) RESTORATION TO POSITION.—

1           “(1) IN GENERAL.—A family and medical leave  
2 plan shall not be treated as meeting the require-  
3 ments of this section unless, under the plan—

4           “(A) any employee who takes leave under  
5 the plan for its intended purpose is entitled,  
6 upon return from such leave—

7           “(i) to be restored by the employer to  
8 the position of employment held by the em-  
9 ployee when the leave commenced, or

10           “(ii) to be restored to an equivalent  
11 position with equivalent employment bene-  
12 fits, pay, and other terms and conditions of  
13 employment, and

14           “(B) the taking of leave under the plan  
15 does not result in the loss of any employment  
16 benefit earned before the date on which the  
17 leave commenced.

18           “(2) Nothing in this subsection shall be con-  
19 strued to require a family and medical leave plan to  
20 provide for the entitlement of any restored employee  
21 to—

22           “(A) the accrual of any seniority or em-  
23 ployment benefits during any period of leave, or

24           “(B) any right, benefit, or position of em-  
25 ployment other than any right, benefit, or posi-

1           tion to which the employee would have been en-  
2           titled had the employee not taken the leave.

3           “(3) As a condition to restoration under the  
4           plan pursuant to paragraph (1)(A), the plan shall  
5           not be treated as meeting the requirements of this  
6           section unless the plan provides that the employer  
7           may have a policy that requires each employee to re-  
8           ceive certification from the employee’s health care  
9           provider that the employee is able to resume work,  
10          except that nothing in this paragraph shall super-  
11          seede a valid State or local law or a collective bar-  
12          gaining agreement that governs the return to work  
13          of employees taking leave under section 426(b).

14          “(b) MAINTENANCE OF HEALTH BENEFITS.—

15                 “(1) IN GENERAL.—A family and medical leave  
16                 plan shall not be treated as meeting the require-  
17                 ments of this section unless, under the plan, during  
18                 any period an eligible employee takes leave under a  
19                 family and medical leave plan, if such employee is  
20                 also covered under a group health plan maintained  
21                 by the employer at the time such leave commences,  
22                 the employer must maintain coverage under such  
23                 group health plan for the duration of such leave at  
24                 the level and under the conditions coverage would  
25                 have been provided if the employee had continued in

1 employment continuously from the date the em-  
2 ployee commenced the leave until the date the em-  
3 ployee is restored under the family and medical leave  
4 plan pursuant to subsection (a).

5 “(2) REIMBURSEMENT OF EMPLOYER FOR PRO-  
6 VIDING CONTINUED HEALTH COVERAGE.—In any  
7 case in which—

8 “(A) an employee is a participant in a  
9 group health plan maintained by the employer  
10 and there is in effect an election by the em-  
11 ployee to participate in a family and medical  
12 leave plan, and

13 “(B) under such family and medical leave  
14 plan the employer is required to make at least  
15 a matching employer contribution to the plan  
16 with respect to each employee contribution of  
17 such employee,

18 nothing in this Act or title I of the Employee Retire-  
19 ment Income Security Act of 1974 shall be con-  
20 strued to preclude such family and medical leave  
21 plan from providing for reimbursement to the em-  
22 ployer for the cost to the employer of coverage of  
23 such employee maintained under such group health  
24 plan for the duration of the leave taken by such em-  
25 ployee.

1       “(c) NO BAR TO AGREEMENT CONCERNING ALTER-  
2 NATIVE EMPLOYMENT.—

3           “(1) IN GENERAL.—Nothing in this part or  
4 title I of the Employee Retirement Income Security  
5 Act of 1974 or any family and medical leave plan  
6 shall be construed to prohibit an employer maintain-  
7 ing such a plan and an employee covered under such  
8 plan from mutually agreeing to alternative employ-  
9 ment of the employee throughout the period during  
10 which the employee would be entitled to leave under  
11 such plan. A family and medical leave plan shall not  
12 be treated as meeting the requirements of this sec-  
13 tion unless, under the plan, any such period of alter-  
14 native employment does not cause a reduction in the  
15 period of temporary leave to which the employee is  
16 entitled under the plan pursuant to section 426(b).

17           “(2) The employer may request that, for pur-  
18 poses of paragraph (1), certification required under  
19 the plan pursuant to section 427(a) that is issued in  
20 any case involving leave described in section  
21 426(b)(1) include an explanation of the extent to  
22 which the eligible employee is unable to perform the  
23 functions of the employee’s position.”

1 **SEC. 5. TECHNICAL AMENDMENTS.**

2 (a) TAX ON EXCESS CONTRIBUTIONS.—Section 4973  
3 of the Internal Revenue Code of 1986 (relating to tax on  
4 excess contributions to individual retirement accounts, cer-  
5 tain section 403(b) contracts, and certain individual re-  
6 tirement annuities) is amended—

7 (1) by inserting “**FAMILY AND MEDICAL**  
8 **LEAVE ACCOUNTS,**” after “**ACCOUNTS,**” in the  
9 heading of such section,

10 (2) by redesignating paragraph (2) of sub-  
11 section (a) as paragraph (3) and by inserting after  
12 paragraph (1) the following:

13 “(2) a family and medical leave account (within  
14 the meaning of section 220(c)),”,

15 (3) by striking “or” at the end of paragraph  
16 (1) of subsection (a), and

17 (4) by adding at the end thereof the following  
18 new subsection:

19 “(d) EXCESS CONTRIBUTIONS TO FAMILY AND MED-  
20 ICAL LEAVE ACCOUNTS.—For purposes of this section, in  
21 the case of a family and medical leave account, the term  
22 ‘excess contributions’ means the amount by which the  
23 amount contributed for the taxable year to the account  
24 exceeds the amount excludable under section 220 for such  
25 taxable year. For purposes of this subsection, any con-  
26 tribution which is distributed out of the family and medi-

1 cal leave account in a distribution to which section  
2 220(e)(3) applies shall be treated as an amount not con-  
3 tributed.”

4 (b) FAILURE TO PROVIDE REPORTS ON FAMILY AND  
5 MEDICAL LEAVE ACCOUNTS.—Section 6693 of such Code  
6 (relating to failure to provide reports on individual retire-  
7 ment account or annuities) is amended—

8 (1) by inserting “**OR ON FAMILY AND MEDI-**  
9 **CAL LEAVE ACCOUNTS**” after “**ANNUITIES**” in  
10 the heading of such section, and

11 (2) by adding at the end of subsection (a) the  
12 following: “The person required by section 220(i) to  
13 file a report regarding a family and medical leave  
14 account at the time and in the manner required by  
15 such section shall pay a penalty of \$50 for each fail-  
16 ure unless it is shown that such failure is due to rea-  
17 sonable cause.”

18 (c) CLERICAL AMENDMENTS.—

19 (1) The table of sections for part III of sub-  
20 chapter B of chapter 1 of such Code is amended by  
21 striking the item relating to section 137 and insert-  
22 ing the following:

“Sec. 137. Family and medical leave accounts.

“Sec. 138. Cross references to other Acts.”

1           (2) The table of sections for chapter 43 of such  
2 Code is amended by striking the item relating to sec-  
3 tion 4973 and inserting the following:

          “Sec. 4973. Tax on excess contributions to individual retirement  
          accounts, family and medical leave accounts, certain  
          403(b) contracts, and certain individual retirement  
          annuities.”

4           (3) The table of sections for subchapter B of  
5 chapter 68 of such Code is amended by inserting “or  
6 on family and medical leave accounts” after “annu-  
7 ities” in the item relating to section 6693.

8           (4) The table of parts for subchapter D of  
9 chapter 1 of such Code is amended by adding at the  
10 end thereof the following new item:

          “Part III—Qualified family and medical leave plans”.

11 **SEC. 6. EFFECTIVE DATE.**

12           The amendments made by this Act shall apply to tax-  
13 able years beginning after December 31, 1992.

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