

104TH CONGRESS
1ST SESSION

S. 1232

To amend the Internal Revenue Code of 1986 to exclude length of service awards to volunteers performing fire fighting or prevention services, emergency medical services, or ambulance services from the limitations applicable to certain deferred compensation plans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 12 (legislative day, SEPTEMBER 5), 1995

Mr. D'AMATO introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exclude length of service awards to volunteers performing fire fighting or prevention services, emergency medical services, or ambulance services from the limitations applicable to certain deferred compensation plans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. TREATMENT OF LENGTH OF SERVICE AWARDS**
 2 **TO VOLUNTEERS PERFORMING FIRE FIGHT-**
 3 **ING OR PREVENTION SERVICES, EMERGENCY**
 4 **MEDICAL SERVICES, OR AMBULANCE SERV-**
 5 **ICES.**

6 (a) IN GENERAL.—Paragraph (11) of section 457(e)
 7 of the Internal Revenue Code of 1986 (relating to deferred
 8 compensation plans of State and local governments and
 9 tax-exempt organizations) is amended to read as follows:

10 “(11) CERTAIN PLANS EXCLUDED.—

11 “(A) IN GENERAL.—The following plans
 12 shall be treated as not providing for the defer-
 13 ral of compensation:

14 “(i) Any bona fide vacation leave, sick
 15 leave, compensatory time, severance pay,
 16 disability pay, or death benefit plan.

17 “(ii) Any plan paying solely length of
 18 service awards to bona fide volunteers (or
 19 their beneficiaries) on account of qualified
 20 services performed by such volunteers.

21 “(B) SPECIAL RULES APPLICABLE TO
 22 LENGTH OF SERVICE AWARD PLANS.—An indi-
 23 vidual shall be treated as a bona fide volunteer
 24 for purposes of subparagraph (A)(ii) if the only
 25 compensation received by such individual for
 26 performing qualified services is in the form of—

1 “(i) reimbursement for (or a reason-
2 able allowance for) reasonable expenses in-
3 curred in the performance of such services,
4 or

5 “(ii) reasonable benefits (including
6 length of service awards), and nominal fees
7 for such services, customarily paid by eligi-
8 ble employers in connection with the per-
9 formance of such services by volunteers.

10 “(C) QUALIFIED SERVICES.—For purposes
11 of this paragraph, the term ‘qualified services’
12 means fire fighting and prevention services,
13 emergency medical services, and ambulance
14 services.”

15 (b) EXEMPTION FROM SOCIAL SECURITY TAXES.—

16 (1) Subsection (i) of section 3121 of such Code
17 is amended by adding at the end the following new
18 paragraph:

19 “(6) VOLUNTEERS PERFORMING FIRE AND
20 MEDICAL SERVICES.—For purposes of this chapter,
21 the term ‘wages’ shall not include—

22 “(A) any amount deferred under a plan de-
23 scribed in section 457(e)(11)(A)(ii) and main-
24 tained by an eligible employer (as defined in
25 section 457(e)(1)), and

1 “(B) any payment from such a plan.”

2 (2) Section 209 of the Social Security Act is
3 amended by adding at the end the following new
4 subsection:

5 “(l) For purposes of this title, the term ‘wages’ shall
6 not include—

7 “(1) any amount deferred under a plan de-
8 scribed in section 457(e)(11)(A)(ii) of the Internal
9 Revenue Code of 1986 and maintained by an eligible
10 employer (as defined in section 457(e)(1) of such
11 Code), and

12 “(2) any payment from such a plan.”

13 (c) EFFECTIVE DATE.—

14 (1) SUBSECTION (a).—The amendment made
15 by subsection (a) shall apply to taxable years begin-
16 ning after the date of the enactment of this Act.

17 (2) SUBSECTION (b).—The amendments made
18 by subsection (b) shall apply to remuneration paid
19 after the date of the enactment of this Act.

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