

104TH CONGRESS
2D SESSION

S. 2135

To amend the Internal Revenue Code of 1986 to provide reductions in required contributions to the United Mine Workers of America Combined Benefit Fund, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 26, 1996

Mr. COCHRAN (for himself and Mr. CONRAD) 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 provide reductions in required contributions to the United Mine Workers of America Combined Benefit Fund, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Coal Industry Retiree
5 Health Equity Act”.

1 **SEC. 2. REDUCTION IN CONTRIBUTIONS OF ELIGIBLE**
 2 **SMALL ASSIGNED OPERATORS TO COAL MIN-**
 3 **ERS COMBINED BENEFIT FUND.**

4 (a) IN GENERAL.—Part II of subchapter B of chap-
 5 ter 99 of the Internal Revenue Code of 1986 (relating to
 6 financing of Combined Benefit Fund) is amended by in-
 7 serting after section 9704 the following new section:

8 **“SEC. 9704A. REDUCTIONS IN ANNUAL PREMIUMS OF ELIGI-**
 9 **BLE SMALL ASSIGNED OPERATORS.**

10 “(a) GENERAL RULE.—The annual premium of an
 11 assigned operator under section 9704(a) shall, in the case
 12 of an eligible small assigned operator, be reduced as pro-
 13 vided in subsection (b).

14 “(b) REDUCTIONS FOR ELIGIBLE SMALL ASSIGNED
 15 OPERATORS.—

16 “(1) IN GENERAL.—If this subsection applies to
 17 an eligible small assigned operator for any plan year
 18 of the Combined Fund, the annual premium under
 19 section 9704(a) for such operator for such plan year
 20 shall not exceed 5 percent of the operator’s average
 21 annual taxable income for purposes of chapter 1 for
 22 the 5-taxable year period ending with the operator’s
 23 most recent taxable year ending before the beginning
 24 of the plan year.

25 “(2) CREDIT FOR OVERPAYMENTS.—To the ex-
 26 tent that an eligible small assigned operator has

1 paid annual premiums in excess of such premiums
 2 required by paragraph (1) for plan years beginning
 3 before the date of the enactment of this section, any
 4 annual premiums owed by such operator on or after
 5 October 1, 1996 (after the application of paragraph
 6 (1)) shall be reduced (but not below zero) by the
 7 amount of such excess.

8 “(b) YEARS TO WHICH SECTION APPLIES.—

9 “(1) IN GENERAL.—This section shall apply to
 10 any plan year of the Combined Fund which begins
 11 after January 31, 1993 and before October 1, 2003.

12 “(2) COORDINATION.—This section shall not
 13 apply to any eligible small assigned operator for any
 14 plan year for which no annual premium is imposed
 15 on such operator.

16 “(c) ELIGIBLE SMALL ASSIGNED OPERATORS.—For
 17 purposes of this section—

18 “(1) IN GENERAL.—The term ‘eligible small as-
 19 signed operator’ means any assigned operator—

20 “(A) the average annual gross income of
 21 which for purposes of chapter 1 for the 5-tax-
 22 able year period ending with the operator’s
 23 most recent taxable year ending before October
 24 1, 1993, did not exceed \$25,000,000, and

1 “(B) which is not engaged in the produc-
2 tion of coal for the plan year for which the de-
3 termination is being made.

4 For purposes of this subparagraph, production
5 by a related person shall be treated as production by
6 the assigned operator.

7 “(2) PRODUCTION OF COAL.—For purposes of
8 paragraph (1), an assigned operator or related per-
9 son shall be treated as engaged in the production of
10 coal if it has employed employees in—

11 “(A) the extraction of coal, or

12 “(B) the preparation, processing, or chang-
13 ing of coal for sale.

14 “(d) AGGREGATION RULES.—In determining gross
15 income or taxable income for purposes of this section, an
16 assigned operator and any related persons shall be treated
17 as 1 person.

18 “(e) OVERALL LIMITATION.—

19 “(1) IN GENERAL.—In no event shall the total
20 reductions in annual premiums payable to the Com-
21 bined Fund under this section for any plan year ex-
22 ceed \$5,000,000.

23 “(2) CALCULATION OF REDUCTIONS.—For pur-
24 poses of paragraph (1), the total reductions in an-
25 nual premiums for any plan year shall not include

1 any reductions under this section in premiums pay-
2 able by an eligible small assigned operator who,
3 prior to the date of the enactment of this section,
4 has not paid at least 50 percent of the premiums as-
5 sessed such assigned operator for the period October
6 1, 1993, through September 30, 1996.”

7 (b) CONFORMING AMENDMENT.—The table of sec-
8 tions for part II of subchapter B of chapter 99 of the In-
9 ternal Revenue Code of 1986 is amended by inserting
10 after the item relating to section 9704 the following new
11 item:

“Sec. 9704A. Reductions in annual premiums of eligible small assigned op-
erators.”

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to plan years beginning after Janu-
14 ary 31, 1993.

15 **SEC. 3. WAIVER OF PENALTIES.**

16 (a) IN GENERAL.—In the case of an eligible small
17 assigned operator (as defined in section 9704A(c) of the
18 Internal Revenue Code of 1986, as added by section 2),
19 no penalty shall be imposed under section 9707 of such
20 Code on any failure of such operator to pay any install-
21 ment of a premium due under section 9704 of such Code
22 before January 1, 1997, if the operator pays such install-
23 ment before such date. For purposes of this subsection,

1 the amount of the installment shall be determined after
 2 application of the amendments made by section 2.

3 (b) COMPLIANCE.—An operator shall not be treated
 4 as failing to meet the requirements of subsection (a) with
 5 respect to any installment if—

6 (1) the failure to pay the installment before
 7 January 1, 1997, was due to reasonable cause and
 8 not to willful neglect, and

9 (2) the failure is corrected within 90 days of
 10 the later of—

11 (A) notice of the failure, or

12 (B) a final administrative or judicial deter-
 13 mination of the amount of the installment
 14 which is not reviewable or appealable.

15 **SEC. 4. SUSPENSION OF CONTRIBUTIONS FOR CERTAIN AS-**
 16 **SIGNED OPERATORS TO THE COMBINED**
 17 **FUND.**

18 (a) IN GENERAL.—Section 9704 of the Internal Rev-
 19 enue Code of 1986 (relating to liability of assigned opera-
 20 tors) is amended by adding at the end the following new
 21 subsection:

22 “(j) ONE-TIME SUSPENSION OF CONTRIBUTIONS
 23 FOR CERTAIN ASSIGNED OPERATORS.—

24 “(1) IN GENERAL.—Effective on and after the
 25 date of the enactment of the Coal Industry Retiree

1 Health Equity Act, whenever the net assets in the
2 Combined Fund (as reported in the monthly UMWA
3 Combined Fund Financial Statements) first exceed
4 10 percent of the benefits and administrative costs
5 paid by the Combined Fund during the preceding
6 plan year, no further monthly premium payments
7 shall be made by assigned operators which are not
8 1988 agreement operators for the succeeding 24-
9 month period. In the case of assigned operators
10 which sought protection under title 11 of the United
11 States Code before October 24, 1992, the preceding
12 sentence shall be applied without regard to section
13 9706(b)(1)(A).

14 “(2) TERMINATION OF SUSPENSION.—The pe-
15 riod of suspension under paragraph (1) shall termi-
16 nate whenever such net assets no longer exceed 10
17 percent of such costs, and assigned operators which
18 are not 1988 agreement operators shall resume mak-
19 ing monthly premium payments with the next
20 monthly installment due after such termination.

21 “(3) REPORT.—Not later than the end of the
22 first 12-month period of the 24-month period de-
23 scribed in paragraph (1), the Comptroller General
24 of the United States shall report to Congress on the
25 current operations of the Combined Fund for such

1 12-month period and the background history of the
2 Combined Fund.”

3 (b) CONFORMING AMENDMENT.—Section 9704(a) of
4 the Internal Revenue Code of 1986 is amended by striking
5 “Each” and inserting “Except as provided in subsection
6 (j), each”.

7 **SEC. 5. AMOUNT OF PER BENEFICIARY PREMIUM.**

8 Paragraph (2) of section 9704(b) of the Internal Rev-
9 enue Code of 1986 (relating to per beneficiary premium)
10 is amended—

11 (1) by striking subparagraph (A) and inserting
12 the following new subparagraph:

13 “(A) \$2,116.67, plus”, and

14 (2) by striking “the amount determined under
15 subparagraph (A)” in subparagraph (B) and insert-
16 ing “\$2,116.67”.

17 **SEC. 6. DISCLOSURE REQUIREMENTS.**

18 (a) IN GENERAL.—Section 9704(h) of the Internal
19 Revenue Code of 1986 (relating to information) is amend-
20 ed—

21 (1) by striking “(h) INFORMATION.—The” and
22 inserting:

23 “(h) INFORMATION.—

24 “(1) INFORMATION TO SECRETARY.—The”, and

1 (2) by adding at the end the following new
2 paragraph:

3 “(2) INFORMATION TO CONTRIBUTORS.—

4 “(A) IN GENERAL.—The trustees of the
5 Combined Fund shall, within 30 days of a writ-
6 ten request, make available to any assigned op-
7 erator information relating to the employment
8 history of assigned beneficiaries.

9 “(B) FEES.—The trustees may charge rea-
10 sonable fees (not in excess of actual expenses)
11 for providing documents under this paragraph.”

12 (b) ADDITIONAL AMENDMENT.—Clause (ii) of sec-
13 tion 9703(b)(2)(A) of the Internal Revenue Code of 1986
14 is amended by inserting “(without regard to any reduction
15 under section 9704(e)(3)(B)(ii))” after “for the plan
16 year”.

17 **SEC. 7. TREATMENT OF WITHDRAWAL LIABILITY.**

18 (a) WITHDRAWAL LIABILITY.—Subsection (g) of sec-
19 tion 9711 of the Internal Revenue Code of 1986 (relating
20 to continued obligations of individual employer plans) is
21 amended by adding at the end the following new para-
22 graph:

23 “(3) CERTAIN 1988 AGREEMENT OPERATORS.—

24 Notwithstanding any other provision of this chapter,
25 in the case of 1988 agreement operators which ei-

1 ther have contingent liability for, or which were as-
2 sessed by and did pay contractual withdrawal liabil-
3 ity to, the 1950 UMWA Benefit Plan, the 1974
4 UMWA Benefit Plan or the Combined Fund; the fol-
5 lowing shall apply as of the date of the enactment
6 of the Coal Industry Retiree Health Equity Act:

7 “(A) The Combined Fund shall imme-
8 diately cease assessing, collecting, or attempting
9 to collect contractual withdrawal liability under
10 Article XX, Section (i) or (j), or both, of the
11 1988 agreement, and promptly shall segregate
12 from its other assets a sum equal to the con-
13 tractual withdrawal liability previously paid by
14 any such 1988 agreement operator.

15 “(B) Each such 1988 agreement operator
16 and any related persons are hereafter exempted
17 from the requirements of subsections (a) and
18 (b).

19 “(C) The 1992 UMWA Benefit Plan here-
20 after shall provide health benefits coverage to
21 all beneficiaries who would have been eligible to
22 receive health benefits under such 1988 agree-
23 ment operator’s individual employer plans, but
24 for this paragraph.

1 “(D) The 1992 UMWA Benefit Plan shall
2 assess no premiums against any such 1988
3 agreement operator under subparagraphs (A)
4 and (B) of section 9712(d)(1) and, instead,
5 shall assess such premiums against the Com-
6 bined Fund, which shall promptly pay such pre-
7 miums until the sum segregated with respect to
8 such 1988 Agreement operator from the Com-
9 bined Fund’s other assets pursuant to this
10 paragraph has been exhausted. The segregated
11 sum shall continue to earn interest at the rate
12 prescribed under section 6621 until such sum is
13 exhausted, at which time the 1992 UMWA
14 Benefit Plan shall commence assessing pre-
15 miums against such 1988 agreement operator.”

16 (b) CONFORMING AMENDMENT.—Subsections (a)
17 and (b)(2) of section 9711 of the Internal Revenue Code
18 of 1986 are each amended by striking the period at the
19 end of the second sentence thereof and inserting “, except
20 as provided in subsection (g)(3).”

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