

107TH CONGRESS
1ST SESSION

H. R. 63

To amend the Internal Revenue Code of 1986 to allow unused benefits under cafeteria plans and flexible spending arrangements to be distributed.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2001

Mr. DREIER (for himself and Mr. ROYCE) 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 allow unused benefits under cafeteria plans and flexible spending arrangements to be distributed.

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. DISTRIBUTION OF UNUSED BENEFITS FROM**
4 **CAFETERIA PLANS AND FLEXIBLE SPENDING**
5 **ARRANGEMENTS.**

6 (a) IN GENERAL.—Section 125 of the Internal Rev-
7 enue Code of 1986 (relating to cafeteria plans) is amended
8 by redesignating subsections (h) and (i) as subsections (i)
9 and (j), respectively, and by inserting after subsection (g)
10 the following new subsection:

1 “(h) ALLOWANCE OF DISTRIBUTIONS OF UNUSED
2 BENEFITS.—For purposes of this title, a plan or other ar-
3 rangement shall not fail to be treated as a cafeteria plan
4 or flexible spending or similar arrangement solely because
5 under such plan or other arrangement any nontaxable
6 benefit which is unused as of the close of a taxable year
7 may be distributed to the participant. Any amount which
8 is so distributed shall be included in the gross income of
9 the participant.”

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to taxable years beginning after
12 December 31, 2000.

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