

107TH CONGRESS
1ST SESSION

S. 519

To amend the Internal Revenue Code of 1986 to provide that trusts established for the benefit of individuals with disabilities shall be taxed at the same rates as individual taxpayers.

IN THE SENATE OF THE UNITED STATES

MARCH 13, 2001

Mr. FRIST 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 that trusts established for the benefit of individuals with disabilities shall be taxed at the same rates as individual taxpayers.

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 “Tax Fairness for Sup-
5 port of the Permanently Disabled Act”.

1 **SEC. 2. MODIFICATION OF TAX RATES FOR TRUSTS FOR IN-**
2 **DIVIDUALS WHO ARE DISABLED.**

3 (a) IN GENERAL.—Section 1(e) of the Internal Rev-
4 enue Code of 1986 (relating to tax imposed on estates and
5 trusts) is amended—

6 (1) by redesignating paragraphs (1) and (2) as
7 subparagraphs (A) and (B), respectively,

8 (2) by striking “There” and inserting:

9 “(1) IN GENERAL.—Except as provided in para-
10 graph (2), there”, and

11 (3) by adding at the end the following new
12 paragraph:

13 “(2) SPECIAL RULE FOR TRUSTS FOR DIS-
14 ABLED INDIVIDUALS.—

15 “(A) IN GENERAL.—There is hereby im-
16 posed on the taxable income of an eligible trust
17 taxable under this subsection a tax determined
18 in the same manner as under subsection (c).

19 “(B) ELIGIBLE TRUST.—For purposes of
20 subparagraph (A), a trust shall be treated as an
21 eligible trust for any taxable year if, at all times
22 during such year during which the trust is in
23 existence, the exclusive purpose of the trust is
24 to provide reasonable amounts for the support
25 and maintenance of 1 or more beneficiaries
26 each of whom is permanently and totally dis-

1 abled (within the meaning of section 22(e)(3)).
2 A trust shall not fail to meet the requirements
3 of this subparagraph merely because the corpus
4 of the trust may revert to the grantor or a
5 member of the grantor's family upon the death
6 of the beneficiary.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2001.

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