

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

# H. R. 1094

To amend the Internal Revenue Code of 1986 to provide that distributions to involuntarily unemployed individuals from individual retirement accounts will not be subject to the additional tax on early distributions.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 24, 1993

Mr. DIXON (for himself, Mr. RANGEL, Mrs. MALONEY, Mr. HILLIARD, Mr. DELLUMS, Mr. FRANK of Massachusetts, Ms. WOOLSEY, Mr. JEFFERSON, Mr. MINGE, Mr. KOPETSKI, Mr. FROST, Mr. HOBSON, Mr. BARRETT of Wisconsin, and Mr. GUNDERSON) 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 provide that distributions to involuntarily unemployed individuals from individual retirement accounts will not be subject to the additional tax on early distributions.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That (a) paragraph (2) of section 72(t) of the Internal  
4       Revenue Code of 1986 (relating to exceptions) is amended  
5       by adding at the end thereof the following new subpara-  
6       graph:

1           “(D) DISTRIBUTIONS TO INVOLUNTARILY  
2 UNEMPLOYED INDIVIDUALS.—Any distribution  
3 from an individual retirement plan to an indi-  
4 vidual during any period—

5                   “(i) for which such individual is re-  
6 ceiving unemployment compensation (as  
7 defined in section 85(b)), or

8                   “(ii) for which such individual would  
9 have been entitled to receive unemployment  
10 compensation (as so defined) but for—

11                           “(I) the termination of the period  
12 during which such compensation was  
13 payable, or

14                           “(II) an exhaustion of such indi-  
15 vidual’s rights to such compensation.”

16       (b) Subsection (t) of section 72 of such Code is  
17 amended by adding at the end thereof the following new  
18 paragraph:

19                   “(6) RECONTRIBUTION OF CERTAIN DISTRIBUTIONS TO INVOLUNTARILY UNEMPLOYED.—

21                           “(A) IN GENERAL.—If an individual re-  
22 ceived a distribution described in paragraph  
23 (2)(D), such individual may recontribute such  
24 distribution to an individual retirement plan in  
25 the manner provided in this paragraph.

1           “(B)       METHOD       OF       MAKING  
2 RECONTRIBUTION.—Any retribution of a  
3 distribution described in paragraph (2)(D) re-  
4 ceived by any individual—

5           “(i) may be made only during the 1-  
6 year period following the first week of dis-  
7 qualifying employment after the receipt of  
8 such distribution,

9           “(ii) shall not exceed the portion of  
10 such distribution which was included in  
11 gross income reduced by any prior  
12 retribution under this subsection with  
13 respect to such distribution, and

14           “(iii) shall be made by making a pay-  
15 ment in cash for the benefit of such indi-  
16 vidual to an individual retirement plan.

17 An individual making a contribution as  
18 retribution under this subsection shall des-  
19 ignate (in the manner prescribed by the Sec-  
20 retary) such contribution as a retribution  
21 under this paragraph and shall specify the dis-  
22 tribution in respect of which such  
23 retribution is being made.

24           “(C) TREATMENT OF RECONTRIBUTION.—

1           “(i) DEDUCTION ALLOWED.—There  
2           shall be allowed as a deduction to an indi-  
3           vidual making a retribution under this  
4           paragraph an amount equal to the amount  
5           so retributed. Such deduction shall be  
6           allowable in computing adjusted gross in-  
7           come and shall be allowed for the taxable  
8           year in which such retribution is made.

9           “(ii) TREATED AS ROLLOVER CON-  
10          TRIBUTION.—For purposes of this title,  
11          any retribution under this subsection  
12          shall be treated as a rollover contribution  
13          described in section 403(b)(8).

14          “(D) WEEK OF DISQUALIFYING EMPLOY-  
15          MENT.—For purposes of subparagraph (A), the  
16          term ‘week of disqualifying employment’ means  
17          any week during which the individual has em-  
18          ployment which disqualifies the individual from  
19          receiving unemployment compensation or would  
20          so disqualify the individual but for a prior ex-  
21          haustion of the individual’s rights to unemploy-  
22          ment compensation or termination of the period  
23          during which such compensation was payable.”

24          (c) The amendments made by this section shall apply  
25          to distributions made after December 31, 1992.

