

103^D CONGRESS
1ST SESSION

H. R. 463

To amend the Internal Revenue Code of 1986 to allow farmers who reside in disaster areas or who have a substantial drop in farm income to make penalty-free withdrawals from individual retirement accounts and from certain other retirement plans.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1993

Mr. KOPETSKI 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 farmers who reside in disaster areas or who have a substantial drop in farm income to make penalty-free withdrawals from individual retirement accounts and from certain other retirement plans.

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. PENALTY-FREE WITHDRAWALS FROM CERTAIN**
2 **RETIREMENT PLANS FOR FARMERS WHO RE-**
3 **SIDE IN DISASTER AREAS OR WHO HAVE A**
4 **SUBSTANTIAL DROP IN FARM INCOME.**

5 (a) IN GENERAL.—Paragraph (2) of section 72(t) of
6 the Internal Revenue Code of 1986 (relating to exceptions)
7 is amended by adding at the end thereof the following new
8 subparagraph:

9 “(D) DISTRIBUTIONS TO FARMERS RESID-
10 ING IN DISASTER OR SUFFERING A SUBSTAN-
11 TIAL DECLINE IN FARM INCOME.—Any distribu-
12 tion to an eligible farmer (as defined in para-
13 graph (5)) from—

14 “(i) an individual retirement account,
15 or

16 “(ii) a qualified retirement plan which
17 provides contributions or benefits for em-
18 ployees some or all of whom are owner-em-
19 ployees (as defined in section 401(c)(3)).”

20 (b) ELIGIBLE FARMER.—Subsection (t) of section 72
21 of such Code is amended by redesignating paragraph (5)
22 as paragraph (6) and by inserting after paragraph (4) the
23 following new paragraph:

24 “(5) ELIGIBLE FARMER.—For purposes of
25 paragraph (2)(D)—

1 “(A) IN GENERAL.—The term ‘eligible
2 farmer’ means any individual who is engaged in
3 the trade or business of farming if—

4 “(i) such individual resides, and such
5 individual’s farm is located, in an area de-
6 clared to be a disaster area by the chief ex-
7 ecutive of the State in which such area is
8 located, or

9 “(ii) such individual’s farm income for
10 the taxable year during which the distribu-
11 tion is made is 65 percent or less of the
12 average of such individual’s farm income
13 for the 5 preceding taxable years.

14 “(B) DISASTER DISTRIBUTIONS MUST BE
15 MADE WITHIN 2 YEARS.—Paragraph (2)(D)
16 shall not apply to a distribution by reason of
17 subparagraph (A)(i) of this paragraph unless
18 the distribution is made not more than 2 years
19 after the date of the disaster declaration.”

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to distributions after the date of
22 the enactment of this Act.

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