

105TH CONGRESS
1ST SESSION

H. R. 3011

To amend the Internal Revenue Code of 1986 to exclude certain severance payment amounts from income.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 9, 1997

Mr. PASCRELL 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 exclude certain severance payment amounts from income.

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 “Layoff Tax Relief
5 Act”.

6 **SEC. 2. EXCLUSION FROM INCOME OF SEVERANCE PAY-**
7 **MENT AMOUNTS.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 (relating to
10 items specifically excluded from gross income) is amended

1 by redesignating section 139 as section 140 and by insert-
2 ing after section 138 the following new section:

3 **“SEC. 139. SEVERANCE PAYMENTS.**

4 “(a) IN GENERAL.—In the case of an individual,
5 gross income shall not include any qualified severance pay-
6 ment.

7 “(b) LIMITATION.—The amount to which the exclu-
8 sion under subsection (a) applies shall not exceed \$3,000
9 with respect to any separation from employment.

10 “(c) QUALIFIED SEVERANCE PAYMENT.—For pur-
11 poses of this section—

12 “(1) IN GENERAL.—The term ‘qualified sever-
13 ance payment’ means any payment received by an
14 individual if—

15 “(A) such payment was paid by such indi-
16 vidual’s employer on account of such individ-
17 ual’s separation from employment, and

18 “(B) such separation was in connection
19 with a reduction in the work force of the em-
20 ployer.

21 “(2) LIMITATION.—Such term shall not include
22 any payment received by an individual if the aggre-
23 gate payments received with respect to the separa-
24 tion from employment exceed \$150,000.”

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for part III of subchapter B of chapter 1 of such Code
3 is amended by striking the item relating to section 139
4 and inserting the following new items:

“Sec. 139. Severance payments.

“Sec. 140. Cross references to other Acts.”

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 1997.

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