

107TH CONGRESS  
2D SESSION

# H. R. 3713

To amend the Internal Revenue Code of 1986 to allow penalty-free withdrawals from individual retirement plans for adoption expenses.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2002

Mr. KING (for himself, Mr. OBERSTAR, Ms. PRYCE of Ohio, Mr. GORDON, Mr. DEMINT, Ms. NORTON, Mr. BACHUS, Ms. BROWN of Florida, Mr. BE-REUTER, Mrs. KELLY, Mr. HALL of Ohio, Mr. SAXTON, Mr. FLETCHER, Mr. BURTON of Indiana, Mrs. MCCARTHY of New York, Mr. GOOD-LATTE, Mr. WILSON of South Carolina, Mr. SCHAFER, Mr. OTTER, Mrs. MORELLA, Mr. TIAHRT, Mr. GILMAN, Mr. GRUCCI, Mr. HOBSON, Mr. RYUN of Kansas, Mr. MCHUGH, Mr. WOLF, Mr. CRAMER, Mr. SMITH of New Jersey, Mr. HORN, Mr. COSTELLO, Mr. STRICKLAND, and Mr. SOUDER) 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 allow penalty-free withdrawals from individual retirement plans for adoption expenses.

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 “Dave Thomas Adop-  
5 tion Act of 2002”.

1 **SEC. 2. PENALTY-FREE WITHDRAWALS FROM INDIVIDUAL**  
 2 **RETIREMENT PLANS FOR ADOPTION EX-**  
 3 **PENSES.**

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

7 “(G) QUALIFIED ADOPTION EXPENSES.—

8 “(i) IN GENERAL.—Distributions from  
 9 an individual retirement plan to the extent  
 10 that the amount of such distributions does  
 11 not exceed the lesser of—

12 “(I) \$10,000 for the taxable year  
 13 with respect to the adoption of a  
 14 child, or

15 “(II) the amount determined  
 16 under clause (ii).

17 “(ii) DETERMINATION OF EXPENSES  
 18 NOT COVERED BY CREDIT.—The amount  
 19 determined under this clause is the excess  
 20 (if any) of—

21 “(I) the qualified adoption ex-  
 22 penses (as defined in section 23(d))  
 23 paid by the taxpayer during the tax-  
 24 able year with respect to the adoption  
 25 of such child, over

1 “(II) the amount of the credit al-  
2 lowable under section 23 for such ex-  
3 penses (determined as if such credit  
4 were allowed for such year without re-  
5 gard to any limitation based on liabil-  
6 ity for tax).

7 “(iii) SPECIAL RULES FOR CHILD  
8 WITH SPECIAL NEEDS.—In the case of an  
9 adoption of a child with special needs (as  
10 defined in section 23(d)(3))—

11 “(I) subclauses (I) and (II) of  
12 clause (i) shall not apply, and

13 “(II) a distribution during the  
14 applicable period from an individual  
15 retirement plan with respect to such  
16 adoption shall not be taken into ac-  
17 count under this subparagraph to the  
18 extent that such distribution, when  
19 added to all other distributions with  
20 respect to such adoption from indi-  
21 vidual retirement plans for the appli-  
22 cable period, exceeds \$10,000.

23 For purposes of subclause (II), the term  
24 ‘applicable period’ means the 3-taxable

1           year period beginning with the taxable year  
2           in which such adoption becomes final.

3                   “(iv) ORDERING RULE.—Distributions  
4           shall not be taken into account under  
5           clause (i) if such distributions are de-  
6           scribed in subparagraph (A), (C), (D), (E),  
7           or (F) or to the extent paragraph (1) does  
8           not apply to such distributions by reason  
9           of subparagraph (B).”.

10       (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to distributions after the date of  
12 the enactment of this Act.

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