

107TH CONGRESS
2^D SESSION

H. R. 4796

To amend the Internal Revenue Code of 1986 to make inapplicable the 10 percent additional tax on early distributions from certain pension plans of public safety employees.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2002

Mr. GREEN of Texas (for himself, Mr. BENTSEN, Ms. JACKSON-LEE of Texas, Mr. PAUL, Mr. BECERRA, Mr. SANDERS, Mr. FROST, Mr. SHIMKUS, Mr. LATOURETTE, Mr. BRADY of Texas, Mr. BONIOR, Mr. DOGGETT, Mr. EDWARDS, Mr. GONZALEZ, Mr. TURNER, Mr. BACA, Mr. HALL of Texas, Mr. SANDLIN, Mr. CONDIT, Mr. WELDON of Pennsylvania, and Mr. ORTIZ) 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 make inapplicable the 10 percent additional tax on early distributions from certain pension plans of public safety employees.

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. INAPPLICABILITY OF 10 PERCENT ADDITIONAL**
2 **TAX ON EARLY DISTRIBUTIONS OF PENSION**
3 **PLANS OF PUBLIC SAFETY EMPLOYEES.**

4 (a) IN GENERAL.—Section 72(t)(2) of the Internal
5 Revenue Code of 1986 (relating to subsection not to apply
6 to certain distributions) is amended by adding at the end
7 the following new subsection:

8 “(G) DROP DISTRIBUTIONS TO QUALIFIED
9 PUBLIC SAFETY EMPLOYEES IN GOVERN-
10 MENTAL PLANS.—

11 “(i) IN GENERAL.—Distributions to
12 an individual who is a qualified public safe-
13 ty employee from a governmental plan
14 within the meaning of section 414(d) to
15 the extent such distributions are attrib-
16 utable to a DROP benefit.

17 “(ii) DEFINITIONS.—For purposes of
18 this subparagraph—

19 “(I) The term ‘DROP benefit’
20 means a feature of a governmental
21 plan under which an employee elects
22 to receive credits to an account (in-
23 cluding a notional account) in the
24 plan in lieu of increases in the em-
25 ployee’s accrued pension benefit based

1 on years of service after the effective
2 date of the DROP election.

3 “(II) The term ‘qualified public
4 safety employee’ means any employee
5 of any police department or fire de-
6 partment organized and operated by a
7 State or political subdivision of a
8 State if the employee provides police
9 protection, firefighting services, or
10 emergency medical services for any
11 area within the jurisdiction of such
12 State or political subdivision.”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to distributions after December 31,
15 2002.

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