

107TH CONGRESS
2^D SESSION

S. 3072

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 SENATE OF THE UNITED STATES

OCTOBER 8, 2002

Mr. INHOFE introduced the following bill; which was read twice and referred to the Committee on Finance

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,*

3 **SECTION 1. INAPPLICABILITY OF 10 PERCENT ADDITIONAL**
4 **TAX ON EARLY DISTRIBUTIONS OF PENSION**
5 **PLANS OF PUBLIC SAFETY EMPLOYEES.**

6 (a) IN GENERAL.—Section 72(t)(2) of the Internal
7 Revenue Code of 1986 (relating to subsection not to apply

1 to certain distributions) is amended by adding at the end
2 the following new subsection:

3 “(G) DROP DISTRIBUTIONS TO QUALIFIED
4 PUBLIC SAFETY EMPLOYEES IN GOVERN-
5 MENTAL PLANS.—

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

12 “(ii) DEFINITIONS.—For purposes of
13 this subparagraph—

14 “(I) DROP BENEFIT.—The term
15 ‘DROP benefit’ means a feature of a
16 governmental plan under which an
17 employee elects to receive credits to
18 an account (including a notional ac-
19 count) in the plan in lieu of increases
20 in the employee’s accrued pension
21 benefit based on years of service after
22 the effective date of the DROP elec-
23 tion.

24 “(II) QUALIFIED PUBLIC SAFETY
25 EMPLOYEE.—The term ‘qualified pub-

1 lic safety employee’ means any em-
2 ployee of any police department or fire
3 department organized and operated by
4 a State or political subdivision of a
5 State if the employee provides police
6 protection, firefighting services, or
7 emergency medical services for any
8 area within the jurisdiction of such
9 State or political subdivision.”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to distributions after December 31,
12 2002.

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