

110TH CONGRESS  
1ST SESSION

# H. R. 4368

To amend the Internal Revenue Code of 1986 to provide special disposition rules for unused benefits in flexible spending arrangements of individuals called to active duty.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 2007

Mr. BARTON of Texas (for himself and Mr. BOUCHER) 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 provide special disposition rules for unused benefits in flexible spending arrangements of individuals called to active duty.

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. SPECIAL DISPOSITION RULES FOR UNUSED**  
4                       **BENEFITS IN FLEXIBLE SPENDING ARRANGE-**  
5                       **MENTS OF INDIVIDUALS CALLED TO ACTIVE**  
6                       **DUTY.**

7       (a) IN GENERAL.—Section 125 of the Internal Rev-  
8       enue Code of 1986 (relating to cafeteria plans) is amended

1 by redesignating subsections (h) and (i) as subsection (i)  
2 and (j), respectively, and by inserting after subsection (g)  
3 the following new subsection:

4 “(h) SPECIAL RULE FOR UNUSED BENEFITS IN  
5 FLEXIBLE SPENDING ARRANGEMENTS OF INDIVIDUALS  
6 CALLED TO ACTIVE DUTY.—

7 “(1) IN GENERAL.—For purposes of this title,  
8 a plan or other arrangement shall not fail to be  
9 treated as a flexible spending arrangement merely  
10 because such arrangement provides for qualified re-  
11 servist distributions.

12 “(2) QUALIFIED RESERVIST DISTRIBUTION.—  
13 For purposes of this subsection, the term ‘qualified  
14 reservist distribution’ means, any distribution to an  
15 individual if—

16 “(A) such individual was (by reason of  
17 being a member of a reserve component (as de-  
18 fined in section 101 of title 37, United States  
19 Code)) ordered or called to active duty for a pe-  
20 riod in excess of 179 days or for an indefinite  
21 period, and

22 “(B) such distribution is made during the  
23 period beginning on the date of such order or  
24 call and ending on the last date that distribu-  
25 tions could otherwise be made under such ar-

1           rangement for the plan year which includes the  
2           date of such order or call.”.

3           (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to distributions made after the  
5 date of the enactment of this Act.

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