

111TH CONGRESS
2^D SESSION

H. R. 5602

To amend the Internal Revenue Code of 1986 to provide for distributions from retirement plans for losses as a result of the explosion on and sinking of the mobile offshore drilling unit Deepwater Horizon, the discharge of oil in the Gulf of Mexico caused by such explosion and sinking, or the effects of such discharge on the economy in the areas affected by such discharge.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2010

Mr. PUTNAM (for himself and Mr. BOUSTANY) 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 provide for distributions from retirement plans for losses as a result of the explosion on and sinking of the mobile offshore drilling unit Deepwater Horizon, the discharge of oil in the Gulf of Mexico caused by such explosion and sinking, or the effects of such discharge on the economy in the areas affected by such discharge.

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. SHORT TITLE.**

2 This Act may be cited as the “Gulf Coast Access to
3 Savings Act of 2010”.

4 **SEC. 2. DISTRIBUTIONS FROM RETIREMENT PLANS FOR**
5 **LOSSES BY REASON OF GULF OIL SPILL.**

6 (a) IN GENERAL.—Subchapter Y of chapter 1 of the
7 Internal Revenue Code of 1986 is amended by adding at
8 the end the following new part:

9 **“PART IV—GULF OIL SPILL**

10 **“SEC. 1400V-1. SPECIAL RULES FOR USE OF RETIREMENT**
11 **FUNDS.**

12 “(a) TAX-FAVORED WITHDRAWALS FROM RETIRE-
13 MENT PLANS.—

14 “(1) IN GENERAL.—Section 72(t) shall not
15 apply to any qualified oil spill distribution.

16 “(2) AGGREGATE DOLLAR LIMITATION.—

17 “(A) IN GENERAL.—For purposes of this
18 subsection, the aggregate amount of distribu-
19 tions received by an individual which may be
20 treated as qualified oil spill distributions for
21 any taxable year shall not exceed the excess (if
22 any) of—

23 “(i) \$50,000, over

24 “(ii) the aggregate amounts treated as
25 qualified oil spill distributions received by
26 such individual for all prior taxable years.

1 “(B) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would
2 (without regard to subparagraph (A)) be a
3 qualified oil spill distribution, a plan shall not
4 be treated as violating any requirement of this
5 title merely because the plan treats such dis-
6 tribution as a qualified oil spill distribution, un-
7 less the aggregate amount of such distributions
8 from all plans maintained by the employer (and
9 any member of any controlled group which in-
10 cludes the employer) to such individual exceeds
11 \$50,000.
12

13 “(C) CONTROLLED GROUP.—For purposes
14 of subparagraph (B), the term ‘controlled
15 group’ means any group treated as a single em-
16 ployer under subsection (b), (c), (m), or (o) of
17 section 414.

18 “(3) AMOUNT DISTRIBUTED MAY BE REPAYED.—

19 “(A) IN GENERAL.—Any individual who
20 receives a qualified oil spill distribution may, at
21 any time during the 3-year period beginning on
22 the day after the date on which such distribu-
23 tion was received, make one or more contribu-
24 tions in an aggregate amount not to exceed the
25 amount of such distribution to an eligible retire-

1 ment plan of which such individual is a bene-
2 ficiary and to which a rollover contribution of
3 such distribution could be made under section
4 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or
5 457(e)(16), as the case may be.

6 “(B) TREATMENT OF REPAYMENTS OF
7 DISTRIBUTIONS FROM ELIGIBLE RETIREMENT
8 PLANS OTHER THAN IRAS.—For purposes of
9 this title, if a contribution is made pursuant to
10 subparagraph (A) with respect to a qualified oil
11 spill distribution from an eligible retirement
12 plan other than an individual retirement plan,
13 then the taxpayer shall, to the extent of the
14 amount of the contribution, be treated as hav-
15 ing received the qualified oil spill distribution in
16 an eligible rollover distribution (as defined in
17 section 402(c)(4)) and as having transferred
18 the amount to the eligible retirement plan in a
19 direct trustee to trustee transfer within 60 days
20 of the distribution.

21 “(C) TREATMENT OF REPAYMENTS FOR
22 DISTRIBUTIONS FROM IRAS.—For purposes of
23 this title, if a contribution is made pursuant to
24 subparagraph (A) with respect to a qualified oil
25 spill distribution from an individual retirement

1 plan (as defined by section 7701(a)(37)), then,
2 to the extent of the amount of the contribution,
3 the qualified oil spill distribution shall be treat-
4 ed as a distribution described in section
5 408(d)(3) and as having been transferred to the
6 eligible retirement plan in a direct trustee to
7 trustee transfer within 60 days of the distribu-
8 tion.

9 “(4) DEFINITIONS.—For purposes of this sub-
10 section—

11 “(A) QUALIFIED OIL SPILL DISTRIBUTION.—Except as provided in paragraph (2),
12 the term ‘qualified oil spill distribution’ means
13 any distribution from an eligible retirement
14 plan made on or after April 20, 2010, and be-
15 fore January 1, 2011, to an individual whose
16 principal place of abode on April 20, 2010, is
17 located in the State of Florida, Alabama, Mis-
18 sissippi, Louisiana, or Texas and who has sus-
19 tained an economic loss as a result of the explo-
20 sion on and sinking of the mobile off shore
21 drilling unit Deepwater Horizon, the discharge
22 of oil in the Gulf of Mexico caused by such ex-
23 plosion and sinking, or the effects of such dis-
24

1 charge on the economy in the areas affected by
2 such discharge.

3 “(B) ELIGIBLE RETIREMENT PLAN.—The
4 term ‘eligible retirement plan’ shall have the
5 meaning given such term by section
6 402(c)(8)(B).

7 “(5) INCOME INCLUSION SPREAD OVER 3-YEAR
8 PERIOD.—

9 “(A) IN GENERAL.—In the case of any
10 qualified oil spill distribution, unless the tax-
11 payer elects not to have this paragraph apply
12 for any taxable year, any amount required to be
13 included in gross income for such taxable year
14 shall be so included ratably over the 3-taxable
15 year period beginning with such taxable year.

16 “(B) SPECIAL RULE.—For purposes of
17 subparagraph (A), rules similar to the rules of
18 subparagraph (E) of section 408A(d)(3) shall
19 apply.

20 “(6) SPECIAL RULES.—

21 “(A) EXEMPTION OF DISTRIBUTIONS FROM
22 TRUSTEE TO TRUSTEE TRANSFER AND WITH-
23 HOLDING RULES.—For purposes of sections
24 401(a)(31), 402(f), and 3405, qualified oil spill

1 distributions shall not be treated as eligible roll-
2 over distributions.

3 “(B) QUALIFIED HURRICANE DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS.—For purposes this title,
4 a qualified hurricane distribution shall be treat-
5 ed as meeting the requirements of sections
6 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11),
7 and 457(d)(1)(A).

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9
10 “(b) RECONTRIBUTIONS OF WITHDRAWALS FOR
11 HOME PURCHASES.—

12 “(1) RECONTRIBUTIONS.—

13 “(A) IN GENERAL.—Any individual who
14 received a qualified distribution may, during the
15 applicable period, make one or more contribu-
16 tions in an aggregate amount not to exceed the
17 amount of such qualified distribution to an eli-
18 gible retirement plan (as defined in section
19 402(c)(8)(B)) of which such individual is a ben-
20 efiary and to which a rollover contribution of
21 such distribution could be made under section
22 402(c), 403(a)(4), 403(b)(8), or 408(d)(3), as
23 the case may be.

24 “(B) TREATMENT OF REPAYMENTS.—
25 Rules similar to the rules of subparagraphs (B)

1 and (C) of subsection (a)(3) shall apply for pur-
2 poses of this subsection.

3 “(2) QUALIFIED DISTRIBUTION.—For purposes
4 of this subsection—

5 “(A) IN GENERAL.—The term ‘qualified
6 distribution’ means any distribution—

7 “(i) described in section
8 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but
9 only to the extent such distribution relates
10 to financial hardship), 403(b)(11)(B), or
11 72(t)(2)(F),

12 “(ii) received after October 19, 2009,
13 and before April 20, 2010, and

14 “(iii) which was to be used to pur-
15 chase or construct a principal residence in
16 the State of Florida, Alabama, Mississippi,
17 Louisiana, or Texas Hurricane Katrina
18 disaster area, but which was not so pur-
19 chased or constructed on account of the ex-
20 plosion on and sinking of the mobile off
21 shore drilling unit Deepwater Horizon or
22 the discharge of oil in the Gulf of Mexico
23 caused by such explosion and sinking.

24 “(3) APPLICABLE PERIOD.—For purposes of
25 this subsection, the term ‘applicable period’ means

1 the period beginning on April 20, 2010, and ending
2 on December 31, 2010.

3 “(c) LOANS FROM QUALIFIED PLANS.—

4 “(1) INCREASE IN LIMIT ON LOANS NOT TREAT-
5 ED AS DISTRIBUTIONS.—In the case of any loan
6 from a qualified employer plan (as defined under
7 section 72(p)(4)) to a qualified individual made dur-
8 ing the applicable period—

9 “(A) clause (i) of section 72(p)(2)(A) shall
10 be applied by substituting ‘\$100,000’ for
11 ‘\$50,000’, and

12 “(B) clause (ii) of such section shall be ap-
13 plied by substituting ‘the present value of the
14 nonforfeitable accrued benefit of the employee
15 under the plan’ for ‘one-half of the present
16 value of the nonforfeitable accrued benefit of
17 the employee under the plan’.

18 “(2) DELAY OF REPAYMENT.—In the case of a
19 qualified individual with an outstanding loan on or
20 after the qualified beginning date from a qualified
21 employer plan (as defined in section 72(p)(4))—

22 “(A) if the due date pursuant to subpara-
23 graph (B) or (C) of section 72(p)(2) for any re-
24 payment with respect to such loan occurs dur-
25 ing the period beginning on the qualified begin-

1 ning date and ending on December 31, 2010,
2 such due date shall be delayed for 1 year,

3 “(B) any subsequent repayments with re-
4 spect to any such loan shall be appropriately
5 adjusted to reflect the delay in the due date
6 under paragraph (1) and any interest accruing
7 during such delay, and

8 “(C) in determining the 5-year period and
9 the term of a loan under subparagraph (B) or
10 (C) of section 72(p)(2), the period described in
11 subparagraph (A) shall be disregarded.

12 “(3) QUALIFIED INDIVIDUAL.—For purposes of
13 this subsection, the term ‘qualified individual’ means
14 any individual whose principal place of abode on
15 April 20, 2010, is located in the State of Florida,
16 Alabama, Mississippi, Louisiana, or Texas and who
17 has sustained an economic loss as a result of the ex-
18 plosion on and sinking of the mobile off shore drill-
19 ing unit Deepwater Horizon, the discharge of oil in
20 the Gulf of Mexico caused by such explosion and
21 sinking, or the effects of such discharge on the econ-
22 omy in the areas affected by such discharge.

23 “(4) APPLICABLE PERIOD; QUALIFIED BEGIN-
24 NING DATE.—For purposes of this subsection—

1 “(A) the applicable period is the period be-
2 ginning on April 20, 2010, and ending on De-
3 cember 31, 2010, and

4 “(B) the qualified beginning date is April
5 20, 2010.

6 “(d) PROVISIONS RELATING TO PLAN AMEND-
7 MENTS.—

8 “(1) IN GENERAL.—If this subsection applies to
9 any amendment to any plan or annuity contract,
10 such plan or contract shall be treated as being oper-
11 ated in accordance with the terms of the plan during
12 the period described in paragraph (2)(B)(i).

13 “(2) AMENDMENTS TO WHICH SUBSECTION AP-
14 PLIES.—

15 “(A) IN GENERAL.—This subsection shall
16 apply to any amendment to any plan or annuity
17 contract which is made—

18 “(i) pursuant to any provision of this
19 section, or pursuant to any regulation
20 issued by the Secretary or the Secretary of
21 Labor under any provision of this section,
22 and

23 “(ii) on or before the last day of the
24 first plan year beginning on or after April

1 20, 2010, or such later date as the Sec-
2 retary may prescribe.

3 In the case of a governmental plan (as defined
4 in section 414(d)), clause (ii) shall be applied
5 by substituting the date which is 2 years after
6 the date otherwise applied under clause (ii).

7 “(B) CONDITIONS.—This subsection shall
8 not apply to any amendment unless—

9 “(i) during the period—

10 “(I) beginning on the date that
11 this section or the regulation de-
12 scribed in subparagraph (A)(i) takes
13 effect (or in the case of a plan or con-
14 tract amendment not required by this
15 section or such regulation, the effec-
16 tive date specified by the plan), and

17 “(II) ending on the date de-
18 scribed in subparagraph (A)(ii) (or, if
19 earlier, the date the plan or contract
20 amendment is adopted),

21 the plan or contract is operated as if such
22 plan or contract amendment were in effect,
23 and

24 “(ii) such plan or contract amendment
25 applies retroactively for such period.”.

1 (b) CONFORMING AMENDMENT.—The table of sec-
2 tions for subchapter Y of chapter 1 of such Code is amend-
3 ed by adding at the end the following new item:

“PART IV—GULF OIL SPILL

“Sec. 1400V-1. Special rules for use of retirement funds.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this Act shall apply to distributions on or after April 20,
6 2010.

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