

106TH CONGRESS
1ST SESSION

S. 1086

To amend the Internal Revenue Code of 1986 to waive the income inclusion on a distribution from an individual retirement account to the extent that the distribution is contributed for charitable purposes.

IN THE SENATE OF THE UNITED STATES

MAY 20, 1999

Mrs. HUTCHISON (for herself, Mr. DURBIN, Mr. HELMS, and Mrs. FEINSTEIN) 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 waive the income inclusion on a distribution from an individual retirement account to the extent that the distribution is contributed for charitable purposes.

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. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL**
4 **RETIREMENT ACCOUNTS FOR CHARITABLE**
5 **PURPOSES.**

6 (a) IN GENERAL.—Subsection (d) of section 408 of
7 the Internal Revenue Code of 1986 (relating to individual

1 retirement accounts) is amended by adding at the end the
 2 following new paragraph:

3 “(8) DISTRIBUTIONS FOR CHARITABLE PUR-
 4 POSES.—

5 “(A) IN GENERAL.—No amount shall be
 6 includible in gross income by reason of a quali-
 7 fied charitable distribution from an individual
 8 retirement account to an organization described
 9 in section 170(c).

10 “(B) SPECIAL RULES RELATING TO CHARI-
 11 TABLE REMAINDER TRUSTS, POOLED INCOME
 12 FUNDS, AND CHARITABLE GIFT ANNUITIES.—

13 “(i) IN GENERAL.—No amount shall
 14 be includible in gross income by reason of
 15 a qualified charitable distribution from an
 16 individual retirement account—

17 “(I) to a charitable remainder
 18 annuity trust or a charitable remain-
 19 der unitrust (as such terms are de-
 20 fined in section 664(d)),

21 “(II) to a pooled income fund (as
 22 defined in section 642(c)(5)), or

23 “(III) for the issuance of a chari-
 24 table gift annuity (as defined in sec-
 25 tion 501(m)(5)).

1 The preceding sentence shall apply only if
2 no person holds an income interest in the
3 amounts in the trust, fund, or annuity at-
4 tributable to such distribution other than
5 one or more of the following: the individual
6 for whose benefit such account is main-
7 tained, the spouse of such individual, or
8 any organization described in section
9 170(c).

10 “(ii) DETERMINATION OF INCLUSION
11 OF AMOUNTS DISTRIBUTED.—In deter-
12 mining the amount includible in the gross
13 income of any person by reason of a pay-
14 ment or distribution from a trust referred
15 to in clause (i)(I) or a charitable gift annu-
16 ity (as so defined), the portion of any
17 qualified charitable distribution to such
18 trust or for such annuity which would (but
19 for this subparagraph) have been includible
20 in gross income—

21 “(I) shall be treated as income
22 described in section 664(b)(1), and

23 “(II) shall not be treated as an
24 investment in the contract.

1 “(iii) NO INCLUSION FOR DISTRIBUTION TO POOLED INCOME FUND.—No
 2 amount shall be includible in the gross income of a pooled income fund (as so defined) by reason of a qualified charitable
 3 distribution to such fund.
 4 distribution to such fund.

5 “(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the
 6 term ‘qualified charitable distribution’ means
 7 any distribution from an individual retirement
 8 account—
 9 account—

10 “(i) which is made on or after the
 11 date that the individual for whose benefit
 12 the account is maintained has attained age
 13 59½, and
 14 59½, and

15 “(ii) which is made directly from the
 16 account to—
 17 account to—

18 “(I) an organization described in
 19 section 170(c), or
 20 section 170(c), or

21 “(II) a trust, fund, or annuity referred to in subparagraph (B).
 22 referred to in subparagraph (B).

23 “(D) DENIAL OF DEDUCTION.—The
 24 amount allowable as a deduction under section
 25 170 to the taxpayer for the taxable year shall
 be reduced (but not below zero) by the sum of

1 the amounts of the qualified charitable distribu-
2 tions during such year which would be includ-
3 ible in the gross income of the taxpayer for
4 such year but for this paragraph.”

5 (b) EFFECTIVE DATE.—The amendment made by
6 subsection (a) shall apply to taxable years beginning after
7 the date of the enactment of this Act.

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