

106TH CONGRESS  
1ST SESSION

# S. 1714

To amend the Internal Revenue Code of 1986 to allow penalty-free distributions from qualified retirement plans of individuals residing in presidentially declared disaster areas.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 8, 1999

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

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## A BILL

To amend the Internal Revenue Code of 1986 to allow penalty-free distributions from qualified retirement plans of individuals residing in presidentially declared disaster areas.

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. PENALTY-FREE DISTRIBUTIONS FROM QUALI-**  
4                               **FIED RETIREMENT PLANS OF INDIVIDUALS**  
5                               **RESIDING IN PRESIDENTIALLY DECLARED**  
6                               **DISASTER AREAS.**

7       (a) IN GENERAL.—Section 72(t)(2) of the Internal  
8       Revenue Code of 1986 (relating to exceptions to 10-per-

1 cent additional tax on early distributions) is amended by  
 2 adding at the end the following new subparagraph:

3                   “(G) DISTRIBUTIONS FOR DISASTER-RE-  
 4                   LATED EXPENSES.—Distributions which are  
 5                   qualified disaster-related distributions.”.

6           (b) QUALIFIED DISASTER-RELATED DISTRIBUTU-  
 7 TIONS.—Section 72(t) of the Internal Revenue Code of  
 8 1986 is amended by adding at the end the following new  
 9 paragraph:

10                   “(9) QUALIFIED DISASTER-RELATED DISTRIBUTU-  
 11 TIONS.—For purposes of paragraph (2)(G)—

12                   “(A) IN GENERAL.—The term ‘qualified  
 13 disaster-related distribution’ means any pay-  
 14 ment or distribution received by an individual  
 15 residing in a disaster area on the date of the  
 16 determination referred to in subparagraph (B)  
 17 to the extent that the payment or distribution  
 18 is used by such individual within 90 days of the  
 19 payment or distribution. Such term shall only  
 20 include any payment or distribution which is  
 21 made during the 1-year period beginning on the  
 22 date of the determination referred to in sub-  
 23 paragraph (B).

24                   “(B) DISASTER AREA.—The term ‘disaster  
 25 area’ means an area determined by the Presi-

1           dent to warrant assistance by the Federal Gov-  
2           ernment under the Robert T. Stafford Disaster  
3           Relief and Emergency Assistance Act.”.

4       (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to payments and distributions re-  
6 ceived after July 31, 1999, by individuals residing in areas  
7 warranting assistance as determined by the President  
8 after such date.

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