

107TH CONGRESS
1ST SESSION

H. R. 3365

To amend the Internal Revenue Code of 1986 to allow withdrawals from individual retirement plans without penalty for certain individuals significantly affected by the September 11, 2001, terrorist attacks.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 28, 2001

Mrs. MINK of Hawaii 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 allow withdrawals from individual retirement plans without penalty for certain individuals significantly affected by the September 11, 2001, terrorist attacks.

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 WITHDRAWALS FROM INDIVI-**

4 **VIDUAL RETIREMENT PLANS FOR CERTAIN**

5 **INDIVIDUALS SIGNIFICANTLY AFFECTED BY**

6 **SEPTEMBER 11, 2001, TERRORIST ATTACKS.**

7 (a) IN GENERAL.—Paragraph (2) of section 72(t)

8 (relating to exceptions to 10-percent additional tax on

1 early distributions from qualified retirement plans) is
2 amended by adding at the end the following new subpara-
3 graph:

4 “(G) DISTRIBUTIONS FROM INDIVIDUAL
5 RETIREMENT PLANS TO BENEFICIARIES AD-
6 VERSELY AFFECTED BY SEPTEMBER 11, 2001
7 TERRORIST ATTACKS.—Distributions before
8 September 12, 2002, from an individual retire-
9 ment plan to an individual significantly affected
10 by the September 11, 2001, terrorist attacks
11 against the United States. Distributions shall
12 not be taken into account under the preceding
13 sentence if such distributions are described in
14 subparagraph (A), (C), (D), (E), or (F) or to
15 the extent paragraph (1) does not apply to such
16 distributions by reason of subparagraph (B).”.

17 (b) DEFINITION.—Section 72(t) of such Code is
18 amended by redesignating paragraph (9) as paragraph
19 (10) and by adding after paragraph (8) the following new
20 paragraph:

21 “(9) INDIVIDUALS SIGNIFICANTLY AFFECTED
22 BY SEPTEMBER 11, 2001, TERRORIST ATTACKS.—For
23 purposes of paragraph (2)(G)—

24 “(A) IN GENERAL.—An individual is sig-
25 nificantly affected by the September 11, 2001,

1 terrorist attacks against the United States if
2 the individual—

3 “(i) has received unemployment com-
4 pensation for 12 consecutive weeks under
5 any Federal or State unemployment com-
6 pensation law and if distributions from the
7 retirement plan are made during any tax-
8 able year during which such unemployment
9 compensation is paid or the succeeding
10 taxable year,

11 “(ii) is a 10-percent owner of a small
12 business concern (within the meaning of
13 the Small Business Act) that has suffered
14 a significant negative economic impact
15 since September 11, 2001, or

16 “(iii) had a spouse or dependent (as
17 defined in section 152) die as a result of
18 such attacks.

19 “(B) SIGNIFICANT NEGATIVE ECONOMIC
20 IMPACT.—For purposes of subparagraph
21 (A)(ii), a small business concern has suffered a
22 significant negative economic impact if such
23 concern is not able—

24 “(i) to meet its obligations on an on-
25 going basis,

1 “(ii) to pay its ordinary and necessary
2 operating expenses, or

3 “(iii) to market, produce, or provide a
4 product or service ordinarily marketed,
5 produced, or provided by the small busi-
6 ness concern.

7 “(C) 10-PERCENT OWNER.—For purposes
8 of subparagraph (A)(ii), the term ‘10-percent
9 owner’ means, with respect to a small business
10 concern, an individual who owns 10 percent or
11 more—

12 “(i) of the total combined voting
13 power of such concern,

14 “(ii) (by value) of the assets in such
15 concern,

16 “(iii) of the profits interest of a part-
17 nership which is such concern, or

18 “(iv) of the beneficial interest of a
19 trust or unincorporated enterprise which is
20 such concern.

21 “(D) EXCEPTION.—Subparagraph (A)
22 shall not apply to with respect to an individual
23 whom the Secretary determines was a perpe-
24 trator of any such terrorist attack.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to distributions made on or after
3 the date of the enactment of this Act.

○