

107TH CONGRESS  
2D SESSION

# S. 3072

To amend the Internal Revenue Code of 1986 to make inapplicable the 10 percent additional tax on early distributions from certain pension plans of public safety employees.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 8, 2002

Mr. INHOFE 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 make inapplicable the 10 percent additional tax on early distributions from certain pension plans of public safety employees.

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. INAPPLICABILITY OF 10 PERCENT ADDITIONAL**  
4                       **TAX ON EARLY DISTRIBUTIONS OF PENSION**  
5                       **PLANS OF PUBLIC SAFETY EMPLOYEES.**

6       (a) IN GENERAL.—Section 72(t)(2) of the Internal  
7       Revenue Code of 1986 (relating to subsection not to apply

1 to certain distributions) is amended by adding at the end  
 2 the following new subsection:

3 “(G) DROP DISTRIBUTIONS TO QUALIFIED  
 4 PUBLIC SAFETY EMPLOYEES IN GOVERN-  
 5 MENTAL PLANS.—

6 “(i) IN GENERAL.—Distributions to  
 7 an individual who is a qualified public safe-  
 8 ty employee from a governmental plan  
 9 within the meaning of section 414(d) to  
 10 the extent such distributions are attrib-  
 11 utable to a DROP benefit.

12 “(ii) DEFINITIONS.—For purposes of  
 13 this subparagraph—

14 “(I) DROP BENEFIT.—The term  
 15 ‘DROP benefit’ means a feature of a  
 16 governmental plan under which an  
 17 employee elects to receive credits to  
 18 an account (including a notional ac-  
 19 count) in the plan in lieu of increases  
 20 in the employee’s accrued pension  
 21 benefit based on years of service after  
 22 the effective date of the DROP elec-  
 23 tion.

24 “(II) QUALIFIED PUBLIC SAFETY  
 25 EMPLOYEE.—The term ‘qualified pub-

1           lic safety employee' means any em-  
2           ployee of any police department or fire  
3           department organized and operated by  
4           a State or political subdivision of a  
5           State if the employee provides police  
6           protection, firefighting services, or  
7           emergency medical services for any  
8           area within the jurisdiction of such  
9           State or political subdivision.”.

10       (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to distributions after December 31,  
12 2002.

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