

108TH CONGRESS  
1ST SESSION

# H. R. 3601

To amend the Internal Revenue Code of 1986 to protect the health benefits of steel industry retirees by expanding the availability of the refundable tax credit to the health insurance costs paid by former employers.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 2003

Mr. ENGLISH (for himself and Mr. CARDIN) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to protect the health benefits of steel industry retirees by expanding the availability of the refundable tax credit to the health insurance costs paid by former employers.

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. SHORT TITLE.**

4 This Act may be cited as the “Steel Industry Retiree  
5 Benefits Protection Act of 2003”.

1 **SEC. 2. EXTENSION OF REFUNDABLE CREDIT TO FORMER**  
2 **EMPLOYERS FOR HEALTH INSURANCE PAY-**  
3 **MENTS FOR CERTAIN STEEL INDUSTRY RE-**  
4 **TIREES.**

5 (a) IN GENERAL.—Subsection (a) of section 35 of the  
6 Internal Revenue Code of 1986 is amended to read as fol-  
7 lows:

8 “(a) IN GENERAL.—

9 “(1) CREDIT ALLOWED TO ELIGIBLE INDIVID-  
10 UALS.—In the case of an individual, there shall be  
11 allowed as a credit against the tax imposed by sub-  
12 title A an amount equal to 65 percent of the amount  
13 paid by the taxpayer for coverage of the taxpayer  
14 and qualifying family members under qualified  
15 health insurance for eligible coverage months begin-  
16 ning in the taxable year.

17 “(2) CREDIT ALLOWED FOR PAYMENTS FOR EL-  
18 IGIBLE STEEL INDUSTRY RETIREES.—In the case of  
19 a qualified steel company, there shall be allowed as  
20 a credit against the tax imposed by subtitle A an  
21 amount equal to 65 percent of the amount paid dur-  
22 ing the taxable year by the qualified steel company  
23 for qualifying coverage of an eligible steel industry  
24 retiree and qualifying family members under quali-  
25 fied health insurance.

1 For purposes of paragraphs (1) and (2), amounts paid for  
2 coverage shall not include any premiums paid for the  
3 Medicare supplemental insurance program established  
4 under part B of title XVIII of the Social Security Act.”.

5 (b) QUALIFYING COVERAGE.—Subsection (g) of sec-  
6 tion 35 of such Code (relating to special rules) is amended  
7 by redesignating paragraph (9) as paragraph (10) and in-  
8 serting after paragraph (8) the following new paragraph:

9 “(9) QUALIFYING COVERAGE.—For purposes of  
10 subsection (a)(2)—

11 “(A) IN GENERAL.—Coverage shall not be  
12 treated as qualifying coverage unless at least 50  
13 percent of the cost of such coverage for all eligi-  
14 ble steel industry retirees who are retired from  
15 the applicable qualified steel company, and  
16 qualifying family members, determined on a  
17 combined basis, for such taxable year is paid or  
18 incurred by such qualified steel company.

19 “(B) SPECIAL RULE RELATING TO COL-  
20 LECTIVE BARGAINING.—Subparagraph (A) may  
21 be satisfied separately with respect to coverage  
22 provided to eligible steel industry retirees pur-  
23 suant to a collective bargaining agreement.”.

24 (c) DEFINITION OF ELIGIBLE STEEL INDUSTRY RE-  
25 TIREE.—

1           (1) IN GENERAL.—Subsection (c) of section 35  
2 of such Code is amended by adding at the end the  
3 following new paragraph:

4           “(5) ELIGIBLE STEEL INDUSTRY RETIREE.—

5           “(A) IN GENERAL.—The term ‘eligible  
6 steel industry retiree’ means, with respect to  
7 any month, any individual who—

8           “(i) is a retiree of a qualified steel  
9 company, and

10           “(ii) is receiving retiree health bene-  
11 fits in accordance with an employee benefit  
12 plan (within the meaning of section 3 (3)  
13 of the Employee Retirement Income Secu-  
14 rity Act of 1974) which is established,  
15 maintained, or contributed to by the retir-  
16 ee’s former employer and is in effect on or  
17 after January 1, 2000, or is no longer re-  
18 ceiving such benefits as a result of the ter-  
19 mination of coverage under such benefit  
20 plan on or after January 1, 2000, pursu-  
21 ant to an order of bankruptcy court, by op-  
22 eration of bankruptcy law, or by agreement  
23 with an authorized representative as pro-  
24 vided in section 1114 of title 11, United  
25 States Code.

1           “(B) RETIREE.—For purposes of this  
2 paragraph, the term ‘retiree’ means, with re-  
3 spect to a qualified steel company, an individual  
4 (including any eligible surviving spouse of an  
5 individual) who has met any years of service or  
6 disability requirements under an employee ben-  
7 efit plan described in subparagraph (A)(ii)  
8 which are necessary to receive retiree health  
9 benefits under the plan, and at least 50 percent  
10 of whose years of service were performed in the  
11 United States on behalf of a qualified steel  
12 company.

13           “(C) QUALIFIED STEEL COMPANY.—The  
14 term ‘qualified steel company’ means—

15                   “(i) a person who was engaged on or  
16 before January 1, 2003, in—

17                           “(I) the production or manufac-  
18 ture of a steel mill product,

19                           “(II) the mining or processing of  
20 iron ore or beneficiated iron ore prod-  
21 ucts, or

22                           “(III) the production of coke for  
23 use in a steel mill product, or

24                   “(ii) a labor organization that, in the  
25 aggregate at one or more qualified steel

1           companies, represents at least 10,000 em-  
2           ployees.

3           “(D) QUALIFIED STEEL COMPANY.—The  
4           term ‘qualified steel company’ includes any per-  
5           son who, on or before January 1, 2003, was en-  
6           gaged in the transportation of any steel product  
7           or iron ore products solely or principally for an-  
8           other qualified steel company described in the  
9           preceding sentence, but only if such person and  
10          such other person bear a relationship to each  
11          other specified in section 267(b).”.

12          (2) CONFORMING AMENDMENTS.—

13                 (A) Paragraph (1) of section 35(e) of such  
14                 Code is amended by striking “and” at the end  
15                 of subparagraph (B), by striking the period at  
16                 the end of subparagraph (C) and inserting “,  
17                 and”, and by adding the following new subpara-  
18                 graph:

19                         “(D) an eligible steel industry retiree.”.

20                 (B) Paragraph (1) of section 35(d) of such  
21                 Code is amended—

22                         (i) in subparagraph (A) by inserting  
23                         “, or the eligible steel industry retiree’s,”  
24                         after “taxpayer’s”, and

1 (ii) in subparagraph (B) by inserting  
2 “or the eligible steel industry retiree” after  
3 “taxpayer”.

4 (d) ADDITION OF STEEL RETIREE HEALTH BENE-  
5 FITS TO DEFINITION OF QUALIFIED HEALTH INSUR-  
6 ANCE.—Paragraph (1) of section 35(e) of such Code is  
7 amended by adding at the end the following new subpara-  
8 graphs:

9 “(K) Coverage under an employee benefit  
10 plan of a qualified steel company or coverage  
11 funded by a steel industry retiree benefits  
12 health trust.

13 “(L) In the case of an eligible steel indus-  
14 try retiree, coverage under a medicare supple-  
15 mental policy (as defined in section 1882(g)(1)  
16 of the Social Security Act), Medicare+Choice  
17 plan (as defined in part C of title XVIII of such  
18 Act), and similar plans.”.

19 (e) EXCEPTION FROM SPECIFIED COVERAGE RULE  
20 FOR STEEL INDUSTRY RETIREES.—Subsection (f) of sec-  
21 tion 35 of such Code is amended by adding at the end  
22 the following flush sentence: “Paragraph (2) shall not  
23 apply in the case of a credit under this section otherwise  
24 allowable to an eligible steel industry retiree and quali-  
25 fying family members of such retiree.”.

1 (f) SPECIAL RULE FOR QUALIFIED STEEL COMPANY  
2 PAYMENTS TO A STEEL INDUSTRY RETIREE HEALTH  
3 BENEFITS TRUST.—Subsection (g) of section 35 of such  
4 Code, as amended by subsection (b), is further amended  
5 by adding at the end the following new paragraph:

6 “(10) TREATMENT OF PAYMENTS BY A QUALI-  
7 FIED STEEL COMPANY TO A STEEL INDUSTRY RE-  
8 TIREE HEALTH BENEFITS TRUST.—For purposes of  
9 this section—

10 “(A) IN GENERAL.—Amounts paid by a  
11 qualified steel company to a steel industry re-  
12 tiree health benefits trust shall be treated as  
13 amounts paid for qualifying coverage for pur-  
14 poses of subsection (a)(2) (determined without  
15 regard to paragraph (9)).

16 “(B) STEEL INDUSTRY RETIREE HEALTH  
17 BENEFITS TRUST.—The term ‘steel industry re-  
18 tiree health benefits trust’ means a trust estab-  
19 lished for the purpose of paying health and  
20 death benefits to eligible steel industry retirees  
21 and qualifying family members either pursuant  
22 to section 501(c)(9) or in connection with the  
23 acquisition by a qualified steel company of an-  
24 other qualified steel company or of a substan-

1            tial portion of the assets of another qualified  
2            steel company.”.

3            (g) OTHER CONFORMING AMENDMENTS.—

4            (1) Section 35(g)(1) of such Code is amended  
5            by striking “subsection (a)” and inserting “sub-  
6            section (a)(1)”.

7            (2) Section 35(g)(2) of such Code is amended  
8            by striking “162(l) or 213” and inserting “162(l),  
9            213, or 419”.

10          (h) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2003.

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