

108TH CONGRESS  
1ST SESSION

# S. 748

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

MARCH 31, 2003

Mr. SANTORUM (for himself, Mr. GRAHAM of Florida, and 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) The term ‘DROP benefit’  
15                 means a feature of a governmental  
16                 plan under which an employee elects  
17                 to receive credits to an account (in-  
18                 cluding a notional account) in the  
19                 plan in lieu of increases in the em-  
20                 ployee’s accrued pension benefit based  
21                 on years of service after the effective  
22                 date of the DROP election.

23                 “(II) The term ‘qualified public  
24                 safety employee’ means any employee  
25                 of any police department or fire de-

1                   partment organized and operated by a  
2                   State or political subdivision of a  
3                   State if the employee provides police  
4                   protection, firefighting services, or  
5                   emergency medical services for any  
6                   area within the jurisdiction of such  
7                   State or political subdivision.”.

8           (b) **EFFECTIVE DATE.**—The amendments made by  
9 this section shall apply to distributions after December 31,  
10 2002.

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