

110TH CONGRESS  
1ST SESSION

# H. R. 4061

To allow employees of a commercial passenger airline carrier who receive payments in a bankruptcy proceeding to roll over such payments into an individual retirement plan, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 1, 2007

Mr. LEWIS of Georgia (for himself, Mr. CAMP of Michigan, Mr. CROWLEY, and Mr. LEWIS of Kentucky) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To allow employees of a commercial passenger airline carrier who receive payments in a bankruptcy proceeding to roll over such payments into an individual retirement plan, and for other purposes.

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. ROLLOVER OF AMOUNTS RECEIVED IN AIRLINE**  
4                       **CARRIER BANKRUPTCY TO ELIGIBLE RETIRE-**  
5                       **MENT PLANS.**

6       (a) GENERAL RULE.—If—

7               (1) a qualified airline employee receives any eli-  
8       gible rollover amount, and

1           (2) the qualified airline employee transfers any  
 2           portion of such amount to an individual retirement  
 3           plan (as defined in section 7701(a)(37) of the Inter-  
 4           nal Revenue Code of 1986) within 180 days of re-  
 5           ceipt of such amount (or, if later, within 180 days  
 6           of the date of the enactment of this Act),  
 7           then, except as provided in subsection (b), such amount  
 8           (to the extent so transferred) shall not be includible in  
 9           gross income for the taxable year in which paid.

10           (b) TRANSFERS TO ROTH IRAS.—

11           (1) IN GENERAL.—If a transfer described in  
 12           subsection (a) is made to a Roth IRA (as defined in  
 13           section 408A of the Internal Revenue Code of 1986),  
 14           then—

15                   (A) 50 percent of the portion of any eligi-  
 16                   ble rollover amount so transferred shall be in-  
 17                   cludible in gross income in the first taxable year  
 18                   following the taxable year in which the eligible  
 19                   rollover amount was paid, and

20                   (B) 50 percent of such portion shall be in-  
 21                   cludible in gross income in the second taxable  
 22                   year following the taxable year in which the eli-  
 23                   gible rollover amount was paid.

24           (2) ELECTION TO INCLUDE IN INCOME IN YEAR  
 25           OF PAYMENT.—Notwithstanding paragraph (1), a

1 qualified airline employee may elect to include any  
2 portion so transferred in gross income in the taxable  
3 year in which the eligible rollover amount was paid.

4 (3) INCOME LIMITATIONS NOT TO APPLY.—The  
5 limitations described in section 408A(c)(3) of the In-  
6 ternal Revenue Code of 1986 shall not apply to a  
7 transfer to which paragraph (1) or (2) applies.

8 (c) TREATMENT OF ELIGIBLE ROLLOVER AMOUNTS  
9 AND TRANSFERS.—

10 (1) TREATMENT OF ELIGIBLE ROLLOVER  
11 AMOUNTS FOR EMPLOYMENT TAXES.—For purposes  
12 of chapter 21 of the Internal Revenue Code of 1986  
13 and section 209 of the Social Security Act, an eligi-  
14 ble rollover amount shall not fail to be treated as a  
15 payment of wages by the commercial passenger air-  
16 line carrier to the qualified airline employee in the  
17 taxable year of payment because such amount is not  
18 includible in gross income by reason of subsection  
19 (a) or is includible in income in a subsequent taxable  
20 year by reason of subsection (b).

21 (2) TREATMENT OF ROLLOVERS.—A transfer  
22 under subsection (a) shall be treated as a rollover  
23 contribution described in section 408(d)(3) of the  
24 Internal Revenue Code of 1986, except that in the  
25 case of a transfer to which subsection (b) applies,

1 the transfer shall be treated as a qualified rollover  
2 contribution described in section 408A(e) of such  
3 Code.

4 (d) DEFINITIONS AND SPECIAL RULES.—For pur-  
5 poses of this section—

6 (1) ELIGIBLE ROLLOVER AMOUNT.—

7 (A) IN GENERAL.—The term “eligible roll-  
8 over amount” means any payment of any  
9 money or other property which is payable by a  
10 commercial passenger airline carrier to a quali-  
11 fied airline employee—

12 (i) under the approval of an order of  
13 a Federal bankruptcy court in a case filed  
14 after September 11, 2001, and before Jan-  
15 uary 1, 2007, and

16 (ii) in respect of the qualified airline  
17 employee’s interest in a bankruptcy claim  
18 against the carrier, any note of the carrier  
19 (or amount paid in lieu of a note being  
20 issued), or any other fixed obligation of the  
21 carrier to pay a lump sum amount.

22 (B) EXCEPTION.—An eligible rollover  
23 amount shall not include any amount payable  
24 on the basis of the carrier’s future earnings or  
25 profits.

1           (2) QUALIFIED AIRLINE EMPLOYEE.—The term  
2           “qualified airline employee” means an employee or  
3           former employee of a commercial passenger airline  
4           carrier who was a participant in a defined benefit  
5           plan maintained by the carrier which—

6                   (A) is a plan described in section 401(a) of  
7           the Internal Revenue Code of 1986 which in-  
8           cludes a trust exempt from tax under section  
9           501(a) of such Code, and

10                   (B) was terminated or became subject to  
11           the restrictions contained in paragraphs (2) and  
12           (3) of section 402(b) of the Pension Protection  
13           Act of 2006.

14           (3) REPORTING REQUIREMENTS.—If a commer-  
15           cial passenger airline carrier pays 1 or more eligible  
16           rollover amounts, the carrier shall, within 90 days of  
17           such payment (or, if later, within 90 days of the  
18           date of the enactment of this Act), report—

19                   (A) to the Secretary of the Treasury, the  
20           names of the qualified airline employees to  
21           whom such amounts were paid, and

22                   (B) to the Secretary and to such employ-  
23           ees, the years and the amounts of the pay-  
24           ments.

1       Such reports shall be in such form, and contain such  
2       additional information, as the Secretary may pre-  
3       scribe.

4       (e) EFFECTIVE DATE.—This section shall apply to  
5       transfers made after the date of the enactment of this Act  
6       with respect to eligible rollover amounts paid before, on,  
7       or after such date.

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