

113TH CONGRESS
2D SESSION

H. R. 4403

To amend the Internal Revenue Code of 1986 to waive the 10-percent penalty on qualified natural disaster distributions from qualified retirement plans.

IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 2014

Ms. CLARKE of New York (for herself, Mr. RANGEL, Mr. GRIMM, Mrs. MCCARTHY of New York, and Mr. RICHMOND) 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 waive the 10-percent penalty on qualified natural disaster distributions from qualified retirement plans.

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 “Homeowner Disaster
5 Relief Act of 2014”.

1 **SEC. 2. WAIVER OF 10-PERCENT PENALTY ON QUALIFIED**
2 **NATURAL DISASTER DISTRIBUTIONS FROM**
3 **QUALIFIED RETIREMENT PLANS.**

4 (a) IN GENERAL.—Section 72(t)(2) of the Internal
5 Revenue Code of 1986 is amended by adding at the end
6 the following new subparagraph:

7 “(H) QUALIFIED NATURAL DISASTER DIS-
8 TRIBUTIONS.—

9 “(i) IN GENERAL.—Any qualified nat-
10 ural disaster distribution.

11 “(ii) CROSS REFERENCE.—For defini-
12 tions and rules related to qualified natural
13 disaster distributions, see paragraph
14 (11).”.

15 (b) DEFINITIONS AND SPECIAL RULES.—Section
16 72(t) of such Code is amended by adding at the end the
17 following new paragraph:

18 “(11) QUALIFIED NATURAL DISASTER DIS-
19 TRIBUTIONS.—

20 “(A) IN GENERAL.—Except as provided in
21 subparagraph (B), the term ‘qualified natural
22 disaster distribution’ means any distribution
23 from an individual retirement plan, or from
24 amounts attributable to employer contributions
25 made pursuant to elective deferrals described in

1 subparagraph (A) or (C) of section 402(g)(3) or
2 section 501(c)(18)(D)(iii), to an individual if—

3 “(i) such individual sustained an eco-
4 nomic loss by reason of a federally de-
5 clared disaster,

6 “(ii) the principal place of abode of
7 such individual on the disaster declaration
8 date is in the disaster area, and

9 “(iii) such distribution is made during
10 the 1-year period beginning on the disaster
11 declaration date.

12 “(B) AGGREGATE DOLLAR LIMITATION.—

13 “(i) IN GENERAL.—The aggregate
14 amount of distributions received by an in-
15 dividual which may be treated as qualified
16 natural disaster distributions for any tax-
17 able year with respect to any federally de-
18 clared disaster shall not exceed the excess
19 (if any) of—

20 “(I) \$100,000, over

21 “(II) the aggregate amounts
22 treated as qualified natural disaster
23 distributions with respect to such fed-
24 erally declared disaster received by

1 such individual for all prior taxable
2 years.

3 “(ii) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual
4 would (without regard to clause (i)) be a
5 qualified natural disaster distribution, a
6 plan shall not be treated as violating any
7 requirement of this title merely because
8 the plan treats such distribution as a
9 qualified natural disaster distribution, un-
10 less the aggregate amount of such distribu-
11 tions from all plans maintained by the em-
12 ployer (and any member of any controlled
13 group which includes the employer) to such
14 individual exceeds \$100,000.

15 “(iii) CONTROLLED GROUP.—For pur-
16 poses of clause (ii), the term ‘controlled
17 group’ means any group treated as a single
18 employer under subsection (b), (c), (m), or
19 (o) of section 414.

20 “(C) AMOUNT DISTRIBUTED MAY BE RE-
21 PAID.—Any individual who receives a qualified
22 natural disaster distribution may, at any time
23 during the 3-year period beginning on the day
24 after the date on which such distribution was
25

1 received, make one or more contributions to an
2 individual retirement plan of such individual in
3 an aggregate amount not to exceed the amount
4 of such distribution. The dollar limitations oth-
5 erwise applicable to contributions to individual
6 retirement plans shall not apply to any con-
7 tribution made pursuant to the preceding sen-
8 tence. No deduction shall be allowed for any
9 contribution pursuant to this subparagraph.

10 “(D) FEDERALLY DECLARED DISASTER.—

11 For purposes of this paragraph—

12 “(i) IN GENERAL.—The term ‘feder-
13 ally declared disaster’ means any disaster
14 subsequently determined by the President
15 of the United States to warrant assistance
16 by the Federal Government under the Rob-
17 ert T. Stafford Disaster Relief and Emer-
18 gency Assistance Act.

19 “(ii) DISASTER AREA.—The term ‘dis-
20 aster area’ means the area so determined
21 to warrant such assistance.

22 “(iii) DISASTER DECLARATION
23 DATE.—The term ‘disaster declaration
24 date’ means the date of such determina-
25 tion.”.

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

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