

108TH CONGRESS  
1ST SESSION

# H. R. 2545

To amend the Internal Revenue Code of 1986 to waive the 10-percent additional tax on early distributions from section 401(k) plans in the case of hardship of certain employees due to facility closures or employers in bankruptcy.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 19, 2003

Mr. RYAN of Ohio (for himself and Mrs. JONES of Ohio) 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 waive the 10-percent additional tax on early distributions from section 401(k) plans in the case of hardship of certain employees due to facility closures or employers in bankruptcy.

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 “Blue-Collar Employee  
5 Relief Act of 2003”.

1 **SEC. 2. 10-PERCENT ADDITIONAL TAX ON EARLY DISTRIBUTIONS FROM QUALIFIED RETIREMENT PLANS**  
2 **NOT TO APPLY TO CERTAIN HARDSHIP DISTRIBUTIONS FROM SECTION 401(K) PLANS.**

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4  
5 (a) IN GENERAL.—Subparagraph (A) of section  
6 72(t)(2) of the Internal Revenue Code of 1986 is amended  
7 by striking “or” at the end of clause (vi), by striking the  
8 period at the end of clause (vii) and inserting “, or”, and  
9 by adding at the end the following new clause:

10 “(viii) made from a cash or deferred  
11 arrangement (as defined in section 401(k))  
12 upon the hardship of the employee if—

13 “(I) the employer maintaining  
14 the plan of which such arrangement is  
15 a part is a debtor in a title 11 or  
16 similar case (as defined in section  
17 368(a)(3)) or the employee separates  
18 from employment on account of the  
19 closure of a facility of the employer,  
20 and

21 “(II) the adjusted gross income  
22 of the taxpayer for the taxable year  
23 (determined without regard to such  
24 distributions) in which such distribu-  
25 tion is received does not exceed

1                   \$50,000 (\$100,000 in the case of a  
2                   joint return).”

3       (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to distributions after the date of  
5 the enactment of this Act.

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