

114TH CONGRESS
1ST SESSION

S. 1667

To amend the Internal Revenue Code of 1986 to clarify the special rules for accident and health plans of certain governmental entities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 24, 2015

Ms. CANTWELL (for herself, Mr. CRAPO, Ms. KLOBUCHAR, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to clarify the special rules for accident and health plans of certain governmental entities, 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. CLARIFICATION OF SPECIAL RULE FOR CER-**
4 **TAIN GOVERNMENTAL PLANS.**

5 (a) IN GENERAL.—Paragraph (1) of section 105(j)
6 of the Internal Revenue Code of 1986 is amended—

7 (1) by striking “the taxpayer” and inserting “a
8 qualified taxpayer”, and

1 (2) by striking “deceased plan participant’s
2 beneficiary” and inserting “deceased employee’s ben-
3 eficiary (other than an individual described in para-
4 graph (3)(B))”.

5 (b) QUALIFIED TAXPAYER.—Subsection (j) of section
6 105 of the Internal Revenue Code of 1986 is amended by
7 adding at the end the following new paragraph:

8 “(3) QUALIFIED TAXPAYER.—For purposes of
9 paragraph (1), with respect to an accident or health
10 plan described in paragraph (2), the term ‘qualified
11 taxpayer’ means a taxpayer who is—

12 “(A) an employee, or

13 “(B) the spouse, dependent (as defined for
14 purposes of subsection (b)), or child (as defined
15 for purposes of such subsection) of an em-
16 ployee.”.

17 (c) APPLICATION TO POLITICAL SUBDIVISIONS OF
18 STATES.—Paragraph (2) of section 105(j) of the Internal
19 Revenue Code of 1986 is amended—

20 (1) by inserting “or established by or on behalf
21 of a State or political subdivision thereof” after
22 “public retirement system”, and

23 (2) by inserting “or 501(e)(9)” after “section
24 115” in subparagraph (B).

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

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