

108th CONGRESS
1st Session
S. 209

To amend the Internal Revenue Code of 1986 to waive the income inclusion on a distribution from an individual retirement account to the extent that the distribution is contributed for charitable purposes.

IN THE SENATE OF THE UNITED STATES

January 23, 2003

Mrs. HUTCHISON (for herself, Mr. Durbin, Mr. Cornyn, Mr. Levin, Mr. DeWine, Mr. Cochran, Mr. Fitzgerald, and Mr. Allen) 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 waive the income inclusion on a distribution from an individual retirement account to the extent that the distribution is contributed for charitable purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Charitable IRA Rollover Act of 2003'.

SEC. 2. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) IN GENERAL- Subsection (d) of section 408 of the Internal Revenue Code of 1986 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

 ` (8) DISTRIBUTIONS FOR CHARITABLE PURPOSES-

 ` (A) IN GENERAL- No amount shall be includible in gross income by reason of a qualified charitable distribution from an individual retirement account to an organization described in section 170(c).

 ` (B) SPECIAL RULES RELATING TO CHARITABLE REMAINDER TRUSTS, POOLED INCOME FUNDS, AND CHARITABLE GIFT ANNUITIES-

 ` (i) IN GENERAL- No amount shall be includible in gross income by reason of a qualified charitable distribution from an individual retirement account--

 ` (I) to a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)),

 ` (II) to a pooled income fund (as defined in section 642(c)(5)),

 or

 ` (III) for the issuance of a charitable gift annuity (as defined in section 501(m)(5)).

The preceding sentence shall apply only if no person holds an income interest in the amounts in the trust, fund, or annuity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

`(ii) DETERMINATION OF INCLUSION OF AMOUNTS

DISTRIBUTED- In determining the amount includible in the gross income of any person by reason of a payment or distribution from a trust referred to in clause (i)(I) or a charitable gift annuity (as so defined), the portion of any qualified charitable distribution to such trust or for such annuity which would (but for this subparagraph) have been includible in gross income--

`(I) shall be treated as income described in section 664(b)(1),
and

`(II) shall not be treated as an investment in the contract.

`(iii) NO INCLUSION FOR DISTRIBUTION TO POOLED INCOME

FUND- No amount shall be includible in the gross income of a pooled income fund (as so defined) by reason of a qualified charitable distribution to such fund.

`(C) QUALIFIED CHARITABLE DISTRIBUTION- For purposes of this paragraph, the term `qualified charitable distribution' means any distribution from an individual retirement account--

`(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 59 1/2 , and

`(ii) which is made directly from the account to--

`(I) an organization described in section 170(c), or

`(II) a trust, fund, or annuity referred to in subparagraph (B).

`(D) DENIAL OF DEDUCTION- The amount allowable as a deduction under section 170 to the taxpayer for the taxable year shall be reduced (but not below zero) by the sum of the amounts of the qualified charitable distributions during such year which would be includible in the gross income of the taxpayer for such year but for this paragraph.'.

(b) EFFECTIVE DATE- The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

END