

112TH CONGRESS
1ST SESSION

H. R. 2806

To amend the Internal Revenue Code of 1986 to provide tax relief to the unemployed, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 5, 2011

Mr. MICHAUD (for himself and Ms. RICHARDSON) 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 provide tax relief to the unemployed, 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. SHORT TITLE.**

4 This Act may be cited as the “Workforce Fairness
5 and Tax Relief Act of 2011”.

6 **SEC. 2. REPEAL OF TAX ON UNEMPLOYMENT COMPENSA-**
7 **TION.**

8 (a) IN GENERAL.—Section 85 of the Internal Rev-
9 enue Code of 1986 is hereby repealed.

10 (b) CONFORMING AMENDMENTS.—

1 (1) Subsection (p) of section 3402 of such Code
2 is amended by striking paragraph (2) and by redesi-
3 gnating paragraph (3) as paragraph (2).

4 (2) Section 6050B of such Code (relating to re-
5 turns relating to unemployment compensation) is
6 hereby repealed.

7 (3) The table of sections for part II of sub-
8 chapter B of chapter 1 of such Code is amended by
9 striking the item relating to section 85.

10 (4) The table of sections for subpart B of part
11 III of subchapter A of chapter 61 of such Code is
12 amended by striking the item relating to section
13 6050B.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to amounts received after Decem-
16 ber 31, 2010.

17 **SEC. 3. INCOME EXCLUSION FOR TRADE ADJUSTMENT AS-**
18 **SISTANCE.**

19 (a) IN GENERAL.—Part III of subchapter B of chap-
20 ter 1 of the Internal Revenue Code of 1986 is amended
21 by inserting after section 139D the following new section:

22 **“SEC. 139E. TRADE ADJUSTMENT ASSISTANCE.**

23 “(a) IN GENERAL.—Gross income shall not include
24 trade adjustment assistance.

1 “(b) TRADE ADJUSTMENT ASSISTANCE.—For pur-
 2 poses of this section, the term ‘trade adjustment assist-
 3 ance’ means assistance authorized under chapter 2 of title
 4 II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.).”.

5 (b) CLERICAL AMENDMENT.—The table of sections
 6 for part III of subchapter B of chapter 1 of such Code
 7 is amended by inserting after the item relating to section
 8 139D the following new item:

“Sec. 139E. Trade Adjustment Assistance.”.

9 (c) EFFECTIVE DATE.—The amendment made by
 10 this section shall apply to amounts received after Decem-
 11 ber 31, 2010.

12 **SEC. 4. UNLIMITED PENALTY-FREE DISTRIBUTIONS FROM**
 13 **QUALIFIED RETIREMENT PLANS TO INDIVID-**
 14 **UALS AFTER SEPARATION FROM EMPLOY-**
 15 **MENT.**

16 (a) UNLIMITED PENALTY-FREE DISTRIBUTIONS TO
 17 UNEMPLOYED INDIVIDUALS.—Clause (i) of section
 18 72(t)(2)(D) of the Internal Revenue Code of 1986 is
 19 amended to read as follows:

20 “(i) IN GENERAL.—Distributions from
 21 a qualified retirement plan to an individual
 22 after separation from employment if—

23 “(I) the individual has received
 24 unemployment compensation for 24
 25 consecutive weeks under any Federal

1 or State unemployment compensation
2 law by reason of such separation; and
3 “(II) such distributions are made
4 during any taxable year during which
5 such unemployment compensation is
6 paid or the succeeding taxable year.”.

7 (b) CONFORMING AMENDMENT.—The heading of sec-
8 tion 72(t)(2)(D) of such Code is amended by striking
9 “FOR HEALTH INSURANCE PREMIUMS”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to distributions made after Decem-
12 ber 31, 2010.

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