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(Original Signature of Member)

116TH CONGRESS
2D SESSION

H. R. _____

To allow individuals to mitigate the financial impact of COVID–19 by taking a one-time distribution of flexible spending arrangement funds in certain plan years, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mrs. AXNE introduced the following bill; which was referred to the Committee
on _____

A BILL

To allow individuals to mitigate the financial impact of COVID–19 by taking a one-time distribution of flexible spending arrangement funds in certain plan years, 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,*

1 **SECTION 1. SPECIAL DISPOSITION RULES FOR UNUSED**
2 **BENEFITS IN FLEXIBLE SPENDING ARRANGE-**
3 **MENTS OF INDIVIDUALS IN DURING CERTAIN**
4 **PLAN YEARS.**

5 (a) **FASAS MAY ALLOW QUALIFIED DISTRIBUTION.—**

6 For purposes of sections 106, 125, and 129 of the Internal
7 Revenue Code of 1986, a flexible spending arrangement
8 may allow a qualified distribution.

9 (b) **TAXES APPLIED TO CERTAIN DISTRIBUTIONS.—**

10 For purposes of sections 125(a) and 129(a) of such Code,
11 such sections shall not apply to any benefit distributed
12 under subsection (a) from a flexible spending arrangement
13 for a use other than the qualifying benefit for which such
14 arrangement was established.

15 (c) **SPECIAL RULE FOR DISPOSITION OF UNUSED**

16 **BENEFITS.—**For purposes of such Code, a plan shall not
17 fail to be treated as a cafeteria plan, health flexible spend-
18 ing arrangement, or dependent care flexible spending ar-
19 rangement merely because such arrangement provides for
20 a qualified distribution.

21 (d) **QUALIFIED DISTRIBUTION.—**For purposes of this

22 section, the term “qualified distribution” means a one-
23 time distribution in a qualifying plan year to an individual
24 of all or a portion of the balance in the employee’s account
25 under a cafeteria plan, health flexible spending arrange-
26 ment, or dependent care flexible spending arrangement.

1 (e) QUALIFYING PLAN YEAR.—The term “qualifying
2 plan year” means plan year 2020, plan year 2021, and
3 any plan year that falls during a calendar year in which
4 a national emergency is declared by the President under
5 the National Emergencies Act (50 U.S.C. 1601 et seq.)
6 with respect to the Coronavirus Disease 2019 (COVID–
7 19).

8 (f) GUIDANCE.—The Secretary of the Treasury (or
9 the Secretary’s delegate) shall issue guidance with respect
10 to the interaction between a qualified distribution under
11 subsection (a) and the nondiscrimination testing provi-
12 sions of section 125 of such Code.