

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 260

To amend the Internal Revenue Code of 1986 to provide that the amount of any contribution to any No Net Cost Tobacco Fund or any No Net Cost Tobacco Account shall be treated as a deductible expense.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. NEAL of North Carolina 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 provide that the amount of any contribution to any No Net Cost Tobacco Fund or any No Net Cost Tobacco Account shall be treated as a deductible expense.

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. CONTRIBUTIONS TO NO NET COST TOBACCO**

4 **FUND OR ACCOUNT SHALL BE TREATED AS**

5 **DEDUCTIBLE EXPENSES.**

6 (a) IN GENERAL.—Part VI of subchapter B of chap-  
7 ter 1 of the Internal Revenue Code of 1986 (relating to  
8 itemized deductions for individuals and corporations) is

1 amended by adding at the end thereof the following new  
2 section:

3 **“SEC. 197. NO NET COST TOBACCO EXPENDITURES.**

4 “(a) IN GENERAL.—Any qualified no net cost tobacco  
5 expenditure which is paid or incurred by the taxpayer dur-  
6 ing the taxable year shall be treated as an expense which  
7 is not chargeable to a capital account. The expenditure  
8 so treated shall be allowed as a deduction.

9 “(b) QUALIFIED NO NET COST TOBACCO EXPENDI-  
10 TURE DEFINED.—For purposes of this section, the term  
11 ‘qualified no net cost tobacco expenditure’ means—

12 “(1) any amount required to be contributed to  
13 any No Net Cost Tobacco Fund (as defined in sec-  
14 tion 106A(a)(3) of the Agricultural Adjustment Act  
15 of 1949 (7 U.S.C. 1445–1)), and

16 “(2) the amount of any assessment required to  
17 be paid to any No Net Cost Tobacco Account (as de-  
18 fined in section 106B(a)(2) of such Act).

19 “(c) AMOUNTS SUBSEQUENTLY INCLUDED IN GROSS  
20 INCOME.—Notwithstanding any other provision of law,  
21 any amount received by the taxpayer from the sale, ex-  
22 change, redemption, or other disposition of any capital  
23 stock, stock certificate, or qualified per-unit retain certifi-  
24 cate (as defined in section 1388(h)) received by the tax-  
25 payer in connection with any qualified no cost tobacco ex-

1 penditure to which subsection (a) applies shall be included  
2 in gross income of the taxpayer for the taxable year in  
3 which such amount is received.

4 “(d) APPLICATION OF SECTION.—No provision of  
5 this section shall be construed to affect the tax treatment  
6 of any organization—

7 “(1) which established a No Net Cost Tobacco  
8 Fund under section 106A of the Agricultural Ad-  
9 justment Act of 1949, or

10 “(2) for which a No Net Cost Tobacco Account  
11 was established under section 106B of such Act,  
12 in connection with any expenditure to which subsection (a)  
13 applies.”

14 (b) CLERICAL AMENDMENT.—The table of sections  
15 for part VI of subchapter B of chapter 1 of such Code  
16 is amended by adding at the end thereof the following new  
17 item:

“Sec. 197. No net cost tobacco expenditures.”

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to qualified no net cost tobacco  
20 expenditures paid or incurred during taxable years begin-  
21 ning after December 31, 1992.

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