

103^D CONGRESS
1ST SESSION

S. 972

To clarify that certain Federal assistance provided with respect to domestic building and loan associations shall be treated as compensation for purposes of determining the deduction for losses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 18 (legislative day, APRIL 19), 1993

Mr. DORGAN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To clarify that certain Federal assistance provided with respect to domestic building and loan associations shall be treated as compensation for purposes of determining the deduction for losses, 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. TREATMENT OF CERTAIN FEDERAL ASSIST-**
4 **ANCE PROVIDED WITH RESPECT TO DOMES-**
5 **TIC BUILDING AND LOAN ASSOCIATIONS.**

6 (a) GENERAL RULE.—For purposes of chapter 1 of
7 the Internal Revenue Code of 1986—

1 (1) any section 597 payment made with respect
2 to any loss of principal, capital, or similar amount
3 upon the disposition of any asset shall be taken into
4 account as compensation for such loss for purposes
5 of section 165 of such Code, and

6 (2) any section 597 payment made with respect
7 to any debt shall be taken into account for purposes
8 of section 166, 585, or 593 of such Code in deter-
9 mining whether such debt is worthless (or the extent
10 to which such debt is worthless) and in determining
11 the amount of any addition to a reserve for bad
12 debts arising from the worthlessness or partial
13 worthlessness of such debts.

14 (b) SECTION 597 PAYMENT.—For purposes of sub-
15 section (a), the term “section 597 payment” means any
16 assistance provided after December 31, 1980, if section
17 597 of the Internal Revenue Code 1986 (as in effect with
18 respect to such assistance) excluded such assistance from
19 gross income. Such term shall not include payments to
20 which the amendments made by section 1401(a)(3) of the
21 Financial Institution Reform, Recovery, and Enforcement
22 Act of 1989 apply.

23 (c) TREATMENT OF AMOUNTS PAID FOR REPUR-
24 CHASE OF ASSETS.—Nothing in section 597 of the Inter-
25 nal Revenue Code of 1986 shall be construed to exclude

1 from gross income any amount paid by the Federal Sav-
2 ings and Loan Insurance Corporation, the FSLIC Resolu-
3 tion Fund, the Resolution Trust Corporation, or the Fed-
4 eral Deposit Insurance Corporation for the repurchase of
5 an asset or to exclude such amount in determining gain
6 or loss under section 1001 of such Code.

7 (d) EFFECTIVE DATE.—This section shall apply to
8 taxable years ending after December 31, 1980.

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