

Union Calendar No. 14

104TH CONGRESS
1ST SESSION

H. R. 831

[Report No. 104-32]

To amend the Internal Revenue Code of 1986 to permanently extend the deduction for the health insurance costs of self-employed individuals, to repeal the provision permitting nonrecognition of gain on sales and exchanges effectuating policies of the Federal Communications Commission, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 1995

Mr. ARCHER (for himself, Mr. MATSUI, Mr. THOMAS, and Mrs. JOHNSON of Connecticut) introduced the following bill; which was referred to the Committee on Ways and Means

FEBRUARY 14, 1995

Reported with an amendment, referred to the House Calendar, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend the Internal Revenue Code of 1986 to permanently extend the deduction for the health insurance costs of self-employed individuals, to repeal the provision permitting nonrecognition of gain on sales and exchanges effectuating policies of the Federal Communications Commission, 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. PERMANENT EXTENSION OF DEDUCTION FOR**
4 **HEALTH INSURANCE COSTS OF SELF-EM-**
5 **PLOYED INDIVIDUALS.**

6 (a) IN GENERAL.—Subsection (l) of section 162 of
7 the Internal Revenue Code of 1986 (relating to special
8 rules for health insurance costs of self-employed individ-
9 uals) is amended by striking paragraph (6).

10 (b) EFFECTIVE DATE.—The amendment made by
11 subsection (a) shall apply to taxable years beginning after
12 December 31, 1993.

13 **SEC. 2. REPEAL OF NONRECOGNITION ON FCC CERTIFIED**
14 **SALES AND EXCHANGES.**

15 (a) IN GENERAL.—Subchapter O of chapter 1 of the
16 Internal Revenue Code of 1986 is amended by striking
17 part V (relating to changes to effectuate FCC policy).

18 (b) CLERICAL AMENDMENT.—The table of parts for
19 such subchapter O is amended by striking the item relat-
20 ing to part V.

21 (c) EFFECTIVE DATE.—

22 (1) IN GENERAL.—The amendments made by
23 this section shall apply to—

24 (A) sales and exchanges on or after Janu-
25 ary 17, 1995, and

1 (B) sales and exchanges before such date
2 if the FCC tax certificate with respect to such
3 sale or exchange is issued on or after such date.

4 (2) BINDING CONTRACTS.—

5 (A) IN GENERAL.—The amendments made
6 by this section shall not apply to any sale or ex-
7 change pursuant to a written contract which
8 was binding on January 16, 1995, and at all
9 times thereafter before the sale or exchange, if
10 the FCC tax certificate with respect to such
11 sale or exchange was applied for, or issued, on
12 or before such date.

13 (B) SALES CONTINGENT ON ISSUANCE OF
14 CERTIFICATE.—A contract shall be treated as
15 not binding for purposes of subparagraph (A) if
16 the sale or exchange pursuant to such contract,
17 or the material terms of such contract, were
18 contingent, at any time on January 16, 1995,
19 on the issuance of an FCC tax certificate. The
20 preceding sentence shall not apply if the FCC
21 tax certificate for such sale or exchange is is-
22 sued on or before January 16, 1995.

23 (3) FCC TAX CERTIFICATE.—For purposes of
24 this subsection, the term “FCC tax certificate”
25 means any certificate of the Federal Communica-

1 tions Commission for the effectuation of section
2 1071 of the Internal Revenue Code of 1986 (as in
3 effect on the day before the date of the enactment
4 of this Act).

5 **SEC. 3. NONRECOGNITION ON INVOLUNTARY CONVER-**
6 **SIONS NOT TO APPLY IF REPLACEMENT**
7 **PROPERTY ACQUIRED FROM RELATED PER-**
8 **SON.**

9 (a) IN GENERAL.—Section 1033 of the Internal Rev-
10 enue Code of 1986 (relating to involuntary conversions)
11 is amended by redesignating subsection (i) as subsection
12 (j) and by inserting after subsection (h) the following new
13 subsection:

14 “(i) NONRECOGNITION NOT TO APPLY IF REPLACE-
15 MENT PROPERTY ACQUIRED FROM RELATED PERSON.—
16 Subsection (a) shall not apply if the replacement property
17 or stock acquired is acquired from a related person. For
18 purposes of the preceding sentence, a person is related to
19 another person if the relationship between such persons
20 would result in a disallowance of losses under section 267
21 or 707(b).”

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) shall apply to replacement property or stock
24 acquired on or after February 6, 1995.

1 **SEC. 4. DENIAL OF EARNED INCOME CREDIT FOR INDIVID-**
 2 **UALS HAVING MORE THAN \$2,500 OF INTER-**
 3 **EST AND DIVIDEND INCOME.**

4 (a) **IN GENERAL.**—Paragraph (1) of section 32(c) of
 5 the Internal Revenue Code of 1986 (defining eligible indi-
 6 vidual) is amended by adding at the end the following new
 7 subparagraph:

8 “(F) **DENIAL OF CREDIT FOR INDIVIDUALS**
 9 **HAVING MORE THAN \$2,500 OF INTEREST AND**
 10 **DIVIDEND INCOME.**—The term ‘eligible individ-
 11 ual’ shall not include any individual if the ag-
 12 gregate interest and dividend income of the tax-
 13 payer for the taxable year exceeds \$2,500.’”

14 (b) **INFLATION ADJUSTMENT.**—Subsection (i) of sec-
 15 tion 32 of such Code (relating to inflation adjustments)
 16 is amended by striking paragraph (2) and by inserting the
 17 following new paragraphs:

18 “(2) **INTEREST AND DIVIDEND INCOME LIMITA-**
 19 **TION.**—In the case of a taxable year beginning in a
 20 calendar year after 1996, the dollar amount con-
 21 tained in subsection (c)(1)(F) shall be increased by
 22 an amount equal to—

23 “(A) such dollar amount, multiplied by

24 “(B) the cost-of-living adjustment deter-
 25 mined under section 1(f)(3) for the calendar
 26 year in which the taxable year begins, deter-

1 *an amount which bears the same ratio to such amount of*
2 *credit as such excess bears to \$650.”*

3 *(b) INFLATION ADJUSTMENT.—Subsection (j) of sec-*
4 *tion 32 of such Code (relating to inflation adjustments), as*
5 *redesignated by subsection (a), is amended by striking*
6 *paragraph (2) and by inserting the following new para-*
7 *graphs:*

8 *“(2) INTEREST AND DIVIDEND INCOME LIMITA-*
9 *TION.—In the case of a taxable year beginning in a*
10 *calendar year after 1996, each dollar amount con-*
11 *tained in subsection (i) shall be increased by an*
12 *amount equal to—*

13 *“(A) such dollar amount, multiplied by*

14 *“(B) the cost-of-living adjustment deter-*
15 *mined under section 1(f)(3) for the calendar year*
16 *in which the taxable year begins, determined by*
17 *substituting ‘calendar year 1995’ for ‘calendar*
18 *year 1992’ in subparagraph (B) thereof.*

19 *“(3) ROUNDING.—If any amount as adjusted*
20 *under paragraph (1) or (2) is not a multiple of \$10,*
21 *such dollar amount shall be rounded to the nearest*
22 *multiple of \$10.”*

23 *(c) EFFECTIVE DATE.—The amendments made by this*
24 *section shall apply to taxable years beginning after Decem-*
25 *ber 31, 1995.*

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