

105TH CONGRESS  
2D SESSION

# S. 1748

To amend the Internal Revenue Code of 1986 to provide that the reduced capital gains tax rates apply to long-term capital gain from property with at least a 1-year holding period.

---

## IN THE SENATE OF THE UNITED STATES

MARCH 12, 1998

Mr. MACK (for himself, Mr. BREAUX, Mr. TORRICELLI, Mr. LOTT, Mr. HATCH, Mr. MURKOWSKI, Mr. DEWINE, Mr. HAGEL, Mr. KYL, Mr. ABRAHAM, Mr. ASHCROFT, Mr. COCHRAN, and Mr. HELMS) introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to provide that the reduced capital gains tax rates apply to long-term capital gain from property with at least a 1-year holding period.

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 “Capital Gains Sim-  
5 plification Act of 1998”.

1 **SEC. 2. 1-YEAR HOLDING PERIOD FOR ANY LONG-TERM**  
 2 **CAPITAL GAIN.**

3 (a) **IN GENERAL.**—Section 1(h)(4) of the Internal  
 4 Revenue Code of 1986 (defining adjusted net capital gain)  
 5 is amended by adding “and” at the end of subparagraph  
 6 (B), by striking “, and” at the end of subparagraph (C)  
 7 and inserting a period, and by striking subparagraph (D).

8 (b) **CONFORMING AMENDMENTS.**—Section 1(h) of  
 9 the Internal Revenue Code of 1986 is amended—

10 (1) in paragraph (6), by striking subparagraph  
 11 (A) and inserting the following:

12 “(A) **IN GENERAL.**—The term  
 13 ‘unrecaptured section 1250 gain’ means the  
 14 amount of long-term capital gain which would  
 15 be treated as ordinary income if section  
 16 1250(b)(1) included all depreciation and the ap-  
 17 plicable percentage under section 1250(a) were  
 18 100 percent.”,

19 (2) by striking paragraphs (8), (10), and (11),

20 (3) in paragraph (9), by striking “section 1202  
 21 gain, or mid-term gain” and inserting “or section  
 22 1202 gain”,

23 (4) by redesignating paragraph (9) as para-  
 24 graph (8), and

25 (5) by adding at the end the following:

26 “(8) **TREATMENT OF PASS-THRU ENTITIES.**—

1           “(A) IN GENERAL.—The Secretary may  
2           prescribe such regulations as are appropriate  
3           (including regulations requiring reporting) to  
4           apply this subsection in the case of sales and  
5           exchanges by pass-thru entities and of interests  
6           in such entities.

7           “(B) PASS-THRU ENTITY DEFINED.—For  
8           purposes of subparagraph (A), the term ‘pass-  
9           thru entity’ means—

10                   “(i) a regulated investment company,

11                   “(ii) a real estate investment trust,

12                   “(iii) an S corporation,

13                   “(iv) a partnership,

14                   “(v) an estate or trust, and

15                   “(vi) a common trust fund.”.

16           (d) EFFECTIVE DATE.—The amendments made by  
17           this section shall apply to taxable years beginning after  
18           December 31, 1997.

○