

105TH CONGRESS
2D SESSION

S. 2622

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 10 (legislative day, OCTOBER 2), 1998

Mr. ROTH (for himself, Mr. MOYNIHAN, Mr. CHAFEE, Mr. BAUCUS, Mr. GRASSLEY, Mr. ROCKEFELLER, Mr. HATCH, Mr. BREAUX, Mr. D'AMATO, Mr. CONRAD, Mr. MURKOWSKI, Mr. GRAHAM, Mr. JEFFORDS, Ms. MOSELEY-BRAUN, Mr. MACK, Mr. BRYAN, and Mr. KERREY) 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 extend certain expiring provisions, 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. SHORT TITLE; AMENDMENT OF 1986 CODE;**

4 **TABLE OF CONTENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Tax Extension Act of 1998”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment
 2 to, or repeal of, a section or other provision, the reference
 3 shall be considered to be made to a section or other provi-
 4 sion of the Internal Revenue Code of 1986.

5 (c) TABLE OF CONTENTS.—

Sec. 1. Short title; amendment of 1986 Code; table of contents.

TITLE I—EXTENSION OF EXPIRING PROVISIONS

Subtitle A—Tax Provisions

- Sec. 101. Research credit.
- Sec. 102. Work opportunity credit.
- Sec. 103. Welfare-to-work credit.
- Sec. 104. Contributions of stock to private foundations.
- Sec. 105. Subpart F exemption for active financing income.
- Sec. 106. Credit for producing fuel from a nonconventional source.
- Sec. 107. Disclosure of return information on income contingent student loans.

Subtitle B—Trade Provisions

- Sec. 111. Extension of duty-free treatment under General System of Preferences.
- Sec. 112. Trade adjustment assistance.

TITLE II—OTHER TAX PROVISIONS

- Sec. 201. 100-percent deduction for health insurance costs of self-employed individuals.
- Sec. 202. Production flexibility contract payments.
- Sec. 203. Income averaging for farmers made permanent.
- Sec. 204. Nonrefundable personal credits fully allowed against regular tax liability during 1998.

TITLE III—REVENUE OFFSET

- Sec. 301. Treatment of certain deductible liquidating distributions of regulated investment companies and real estate investment trusts.

TITLE IV—TECHNICAL CORRECTIONS

- Sec. 401. Definitions; coordination with other titles.
- Sec. 402. Amendments related to Internal Revenue Service Restructuring and Reform Act of 1998.
- Sec. 403. Amendments related to Taxpayer Relief Act of 1997.
- Sec. 404. Amendments related to Tax Reform Act of 1984.
- Sec. 405. Other amendments.
- Sec. 406. Amendments related to Uruguay Round Agreements Act.

1 **TITLE I—EXTENSION OF**
2 **EXPIRING PROVISIONS**
3 **Subtitle A—Tax Provisions**

4 **SEC. 101. RESEARCH CREDIT.**

5 (a) **TEMPORARY EXTENSION.**—

6 (1) **IN GENERAL.**—Paragraph (1) of section
7 41(h) (relating to termination) is amended—

8 (A) by striking “June 30, 1998” and in-
9 serting “June 30, 1999”,

10 (B) by striking “24-month” and inserting
11 “36-month”, and

12 (C) by striking “24 months” and inserting
13 “36 months”.

14 (2) **TECHNICAL AMENDMENT.**—Subparagraph
15 (D) of section 45C(b)(1) is amended by striking
16 “June 30, 1998” and inserting “June 30, 1999”.

17 (b) **EFFECTIVE DATE.**—The amendments made by
18 this section shall apply to amounts paid or incurred after
19 June 30, 1998.

20 **SEC. 102. WORK OPPORTUNITY CREDIT.**

21 (a) **TEMPORARY EXTENSION.**—Subparagraph (B) of
22 section 51(c)(4) (relating to termination) is amended by
23 striking “June 30, 1998” and inserting “June 30, 1999”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to individuals who begin work for
3 the employer after June 30, 1998.

4 **SEC. 103. WELFARE-TO-WORK CREDIT.**

5 Subsection (f) of section 51A (relating to termi-
6 nation) is amended by striking “April 30, 1999” and in-
7 serting “June 30, 1999”.

8 **SEC. 104. CONTRIBUTIONS OF STOCK TO PRIVATE FOUNDA-**
9 **TIONS.**

10 (a) IN GENERAL.—Subparagraph (D)(ii) of section
11 170(e)(5) is amended by striking “June 30, 1998” and
12 inserting “June 30, 1999”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall apply to contributions made after June
15 30, 1998.

16 **SEC. 105. SUBPART F EXEMPTION FOR ACTIVE FINANCING**
17 **INCOME.**

18 (a) IN GENERAL.—Paragraph (9) of section 954(h)
19 (relating to application) is amended to read as follows:

20 “(9) APPLICATION.—This subsection shall
21 apply to—

22 “(A)(i) the first full taxable year of a for-
23 eign corporation beginning after December 31,
24 1997, and before January 1, 1999, and the tax-

1 ing “September 30, 1998” and inserting “September 30,
2 2004”.

3 **Subtitle B—Extension of Expired**
4 **Trade Provisions**

5 **SEC. 111. EXTENSION OF DUTY-FREE TREATMENT UNDER**
6 **GENERAL SYSTEM OF PREFERENCES.**

7 (a) IN GENERAL.—Section 505 of the Trade Act of
8 1974 (19 U.S.C. 2465) is amended by striking “June 30,
9 1998” and inserting “December 31, 1999”.

10 (b) EFFECTIVE DATE.—

11 (1) IN GENERAL.—The amendments made by
12 this section apply to articles entered on or after Oc-
13 tober 1, 1998.

14 (2) RETROACTIVE APPLICATION FOR CERTAIN
15 LIQUIDATIONS AND RELIQUIDATIONS.—

16 (A) GENERAL RULE.—Notwithstanding
17 section 514 of the Tariff Act of 1930 or any
18 other provision of law and subject to paragraph
19 (3), any article that was entered—

20 (i) after June 30, 1998, and

21 (ii) before October 1, 1998, and

22 to which duty-free treatment under title V of
23 the Trade Act of 1974 would have applied if the
24 entry had been made on June 30, 1998, shall
25 be liquidated or reliquidated as free of duty,

1 and the Secretary of the Treasury shall refund
2 any duty paid with respect to such entry.

3 (B) LIMITATIONS ON REFUNDS.—No re-
4 fund shall be made pursuant to this paragraph
5 before October 1, 1998.

6 (C) ENTRY.—As used in this paragraph,
7 the term “entry” includes a withdrawal from
8 warehouse for consumption.

9 (3) REQUESTS.—Liquidation or reliquidation
10 may be made under paragraph (2) with respect to
11 an entry only if a request therefor is filed with the
12 Customs Service, within 180 days after the date of
13 enactment of this Act, that contains sufficient infor-
14 mation to enable the Customs Service—

15 (A) to locate the entry; or

16 (B) to reconstruct the entry if it cannot be
17 located.

18 **SEC. 112. TRADE ADJUSTMENT ASSISTANCE.**

19 (a) AUTHORIZATION OF APPROPRIATIONS.—

20 (1) IN GENERAL.—Section 245 of the Trade
21 Act of 1974 (19 U.S.C. 2317) is amended—

22 (A) in subsection (a), by striking “1993,
23 1994, 1995, 1996, 1997, and 1998,” and in-
24 serting “1998 and 1999,”; and

1 (B) in subsection (b), by striking “1994,
2 1995, 1996, 1997, and 1998,” and inserting
3 “1998 and 1999,”.

4 (2) ASSISTANCE FOR FIRMS.—Section 256(b) of
5 the Trade Act of 1974 (19 U.S.C. 2346(b)) is
6 amended by striking “1993, 1994, 1995, 1996,
7 1997, and” and inserting “, and 1999,” after
8 “1998”.

9 (b) TERMINATION.—Section 285(c) of the Trade Act
10 of 1974 (19 U.S.C. 2271 note preceding) is amended—

11 (1) in paragraph (1), by striking “September
12 30, 1998” and inserting “June 30, 1999”; and

13 (2) in paragraph (2)(A), by striking “the day
14 that is” and all that follows through “effective” and
15 inserting “June 30, 1999”.

16 **TITLE II—OTHER TAX** 17 **PROVISIONS**

18 **SEC. 201. 100-PERCENT DEDUCTION FOR HEALTH INSUR-** 19 **ANCE COSTS OF SELF-EMPLOYED INDIVID-** 20 **UALS.**

21 (a) IN GENERAL.—Subparagraph (B) of section
22 162(l)(1) (relating to special rules for health insurance
23 costs of self-employed individuals) is amended to read as
24 follows:

1 “(B) APPLICABLE PERCENTAGE.—For
2 purposes of subparagraph (A), the applicable
3 percentage shall be—

4 “(i) 45 percent for taxable years be-
5 ginning in 1999 and 2000,

6 “(ii) 70 percent for taxable years be-
7 ginning in 2001, and

8 “(iii) 100 percent for taxable years
9 beginning after December 31, 2001.”

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to taxable years beginning after
12 December 31, 1998.

13 **SEC. 202. PRODUCTION FLEXIBILITY CONTRACT PAY-**
14 **MENTS.**

15 (a) IN GENERAL.—The options under paragraphs (2)
16 and (3) of section 112(d) of the Federal Agriculture Im-
17 provement and Reform Act of 1996 (7 U.S.C. 7212(d) (2)
18 and (3)), as in effect on the date of the enactment of this
19 Act, shall be disregarded in determining the taxable year
20 for which any payment under a production flexibility con-
21 tract under subtitle B of title I of such Act (as so in effect)
22 is properly includible in gross income for purposes of the
23 Internal Revenue Code of 1986.

24 (b) EFFECTIVE DATE.—Subsection (a) shall apply to
25 taxable years ending after December 31, 1995.

1 **SEC. 203. INCOME AVERAGING FOR FARMERS MADE PER-**
2 **MANENT.**

3 Subsection (c) of section 933 of the Taxpayer Relief
4 Act of 1997 is amended by striking “, and before January
5 1, 2001”.

6 **SEC. 204. NONREFUNDABLE PERSONAL CREDITS FULLY AL-**
7 **LOWED AGAINST REGULAR TAX LIABILITY**
8 **DURING 1998.**

9 (a) **IN GENERAL.**—Subsection (a) of section 26 is
10 amended by adding at the end the following flush sen-
11 tence:

12 “For purposes of paragraph (2), the taxpayer’s tentative
13 minimum tax for any taxable year beginning during 1998
14 shall be treated as being zero.”

15 (b) **CONFORMING AMENDMENT.**—Section 24(d)(2) is
16 amended by striking “The credit” and “For taxable years
17 beginning after December 31, 1998, the credit”.

18 (c) **EFFECTIVE DATE.**—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 1997.

1 **TITLE III—REVENUE OFFSET**

2 **SEC. 301. TREATMENT OF CERTAIN DEDUCTIBLE LIQUIDAT-**
3 **ING DISTRIBUTIONS OF REGULATED INVEST-**
4 **MENT COMPANIES AND REAL ESTATE IN-**
5 **VESTMENT TRUSTS.**

6 (a) IN GENERAL.—Section 332 (relating to complete
7 liquidations of subsidiaries) is amended by adding at the
8 end the following new subsection:

9 “(c) DEDUCTIBLE LIQUIDATING DISTRIBUTIONS OF
10 REGULATED INVESTMENT COMPANIES AND REAL ES-
11 TATE INVESTMENT TRUSTS.—If a corporation receives a
12 distribution from a regulated investment company or a
13 real estate investment trust which is considered under sub-
14 section (b) as being in complete liquidation of such com-
15 pany or trust, then, notwithstanding any other provision
16 of this chapter, such corporation shall recognize and treat
17 as a dividend from such company or trust an amount
18 equal to the deduction for dividends paid allowable to such
19 company or trust by reason of such distribution.”

20 (b) CONFORMING AMENDMENTS.—

21 (1) The material preceding paragraph (1) of
22 section 332(b) is amended by striking “subsection
23 (a)” and inserting “this section”.

1 (2) Paragraph (1) of section 334(b) is amended
2 by striking “section 332(a)” and inserting “section
3 332”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to distributions after May 21,
6 1998.

7 **TITLE IV—TECHNICAL** 8 **CORRECTIONS**

9 **SEC. 401. DEFINITIONS; COORDINATION WITH OTHER TI-** 10 **TLES.**

11 (a) DEFINITIONS.—For purposes of this title—

12 (1) 1986 CODE.—The term “1986 Code”
13 means the Internal Revenue Code of 1986.

14 (2) 1998 ACT.—The term “1998 Act” means
15 the Internal Revenue Service Restructuring and Re-
16 form Act of 1998 (Public Law 105–206).

17 (3) 1997 ACT.—The term “1997 Act” means
18 the Taxpayer Relief Act of 1997 (Public Law 105–
19 34).

20 (b) COORDINATION WITH OTHER TITLES.—For pur-
21 poses of applying the amendments made by any title of
22 this Act other than this title, the provisions of this title
23 shall be treated as having been enacted immediately before
24 the provisions of such other titles.

1 **SEC. 402. AMENDMENTS RELATED TO INTERNAL REVENUE**
2 **SERVICE RESTRUCTURING AND REFORM ACT**
3 **OF 1998.**

4 (a) AMENDMENT RELATED TO SECTION 1101 OF
5 1998 ACT.—Paragraph (5) of section 6103(h) of the 1986
6 Code, as added by section 1101(b) of the 1998 Act, is
7 redesignated as paragraph (6).

8 (b) AMENDMENT RELATED TO SECTION 3001 OF
9 1998 ACT.—Paragraph (2) of section 7491(a) of the 1986
10 Code is amended by adding at the end the following flush
11 sentence:

12 “Subparagraph (C) shall not apply to any qualified
13 revocable trust (as defined in section 645(b)(1)) with
14 respect to liability for tax for any taxable year end-
15 ing after the date of the decedent’s death and before
16 the applicable date (as defined in section
17 645(b)(2)).”.

18 (c) AMENDMENTS RELATED TO SECTION 3201 OF
19 1998 ACT.—

20 (1) Section 7421(a) of the 1986 Code is amend-
21 ed by striking “6015(d)” and inserting “6015(e)”.

22 (2) Subparagraph (A) of section 6015(e)(3) is
23 amended by striking “of this section” and inserting
24 “of subsection (b) or (f)”.

25 (d) AMENDMENT RELATED TO SECTION 3301 OF
26 1998 ACT.—Paragraph (2) of section 3301(c) of the 1998

1 Act is amended by striking “The amendments” and insert-
2 ing “Subject to any applicable statute of limitation not
3 having expired with regard to either a tax underpayment
4 or a tax overpayment, the amendments”.

5 (e) AMENDMENT RELATED TO SECTION 3401 OF
6 1998 ACT.—Section 3401(c) of the 1998 Act is amend-
7 ed—

8 (1) in paragraph (1), by striking “7443(b)”
9 and inserting “7443A(b)”; and

10 (2) in paragraph (2), by striking “7443(c)” and
11 inserting “7443A(c)”.

12 (f) AMENDMENT RELATED TO SECTION 3433 OF
13 1998 ACT.—Section 7421(a) of the 1986 Code is amended
14 by inserting “6331(i),” after “6246(b),”.

15 (g) AMENDMENT RELATED TO SECTION 3467 OF
16 1998 ACT.—The subsection (d) of section 6159 of the
17 1986 Code relating to cross reference is redesignated as
18 subsection (e).

19 (h) AMENDMENT RELATED TO SECTION 3708 OF
20 1998 ACT.—Subparagraph (A) of section 6103(p)(3) of
21 the 1986 Code is amended by inserting “(f)(5),” after
22 “(c), (e),”.

23 (i) AMENDMENTS RELATED TO SECTION 5001 OF
24 1998 ACT.—

1 (1) Subparagraph (B) of section 1(h)(13) of the
2 1986 Code is amended by striking “paragraph
3 (7)(A)” and inserting “paragraph (7)(A)(i)”.

4 (2)(A) Subparagraphs (A)(i)(II), (A)(ii)(II),
5 and (B)(ii) of section 1(h)(13) of the 1986 Code
6 shall not apply to any distribution after December
7 31, 1997, by a regulated investment company or a
8 real estate investment trust with respect to—

9 (i) gains and losses recognized directly by
10 such company or trust, and

11 (ii) amounts properly taken into account
12 by such company or trust by reason of holding
13 (directly or indirectly) an interest in another
14 such company or trust to the extent that such
15 subparagraphs did not apply to such other com-
16 pany or trust with respect to such amounts.

17 (B) Subparagraph (A) shall not apply to any
18 distribution which is treated under section 852(b)(7)
19 or 857(b)(8) of the 1986 Code as received on De-
20 cember 31, 1997.

21 (C) For purposes of subparagraph (A), any
22 amount which is includible in gross income of its
23 shareholders under section 852(b)(3)(D) or
24 857(b)(3)(D) of the 1986 Code after December 31,
25 1997, shall be treated as distributed after such date.

1 (D)(i) For purposes of subparagraph (A), in
2 the case of a qualified partnership with respect to
3 which a regulated investment company meets the
4 holding requirement of clause (iii)—

5 (I) the subparagraphs referred to in sub-
6 paragraph (A) shall not apply to gains and
7 losses recognized directly by such partnership
8 for purposes of determining such company's
9 distributive share of such gains and losses, and

10 (II) such company's distributive share of
11 such gains and losses (as so determined) shall
12 be treated as recognized directly by such com-
13 pany.

14 The preceding sentence shall apply only if the quali-
15 fied partnership provides the company with written
16 documentation of such distributive share as so deter-
17 mined.

18 (ii) For purposes of clause (i), the term “quali-
19 fied partnership” means, with respect to a regulated
20 investment company, any partnership if—

21 (I) the partnership is an investment com-
22 pany registered under the Investment Company
23 Act of 1940,

24 (II) the regulated investment company is
25 permitted to invest in such partnership by rea-

1 son of section 12(d)(1)(E) of such Act or an ex-
2 emptive order of the Securities and Exchange
3 Commission under such section, and

4 (III) the regulated investment company
5 and the partnership have the same taxable year.

6 (iii) A regulated investment company meets the
7 holding requirement of this clause with respect to a
8 qualified partnership if (as of January 1, 1998)—

9 (I) the value of the interests of the regu-
10 lated investment company in such partnership
11 is 35 percent or more of the value of such com-
12 pany's total assets, or

13 (II) the value of the interests of the regu-
14 lated investment company in such partnership
15 and all other qualified partnerships is 90 per-
16 cent or more of the value of such company's
17 total assets.

18 (3) Paragraph (13) of section 1(h) of the 1986
19 Code is amended by adding at the end the following
20 new subparagraph:

21 “(D) CHARITABLE REMAINDER TRUSTS.—
22 Subparagraphs (A) and (B)(ii) shall not apply
23 to any capital gain distribution made by a trust
24 described in section 664.”

1 (j) AMENDMENT RELATED TO SECTION 7004 OF
2 1998 ACT.—Clause (i) of section 408A(c)(3)(C) of the
3 1986 Code, as amended by section 7004 of the 1998 Act,
4 is amended by striking the period at the end of subclause
5 (II) and inserting “, and”.

6 (k) EFFECTIVE DATE.—The amendments made by
7 this section shall take effect as if included in the provisions
8 of the 1998 Act to which they relate.

9 **SEC. 403. AMENDMENTS RELATED TO TAXPAYER RELIEF**

10 **ACT OF 1997.**

11 (a) AMENDMENTS RELATED TO SECTION 202 OF
12 1997 ACT.—

13 (1) Paragraph (2) of section 163(h) of the
14 1986 Code is amended by striking “and” at the end
15 of subparagraph (D), by striking the period at the
16 end of subparagraph (E) and inserting “, and”, and
17 by adding at the end the following new subpara-
18 graph:

19 “(F) any interest allowable as a deduction
20 under section 221 (relating to interest on edu-
21 cational loans).”

22 (2)(A) Subparagraph (C) of section 221(b)(2)
23 of the 1986 Code is amended—

24 (i) by striking “135, 137,” in clause (i),

1 (ii) by inserting “135, 137,” after “sec-
2 tions 86,” in clause (ii), and

3 (iii) by striking the last sentence.

4 (B) Sections 86(b)(2)(A), 135(c)(4)(A), and
5 219(g)(3)(A)(ii) of the 1986 Code are each amended
6 by inserting “221,” after “137,”.

7 (C) Subparagraph (A) of section 137(b)(3) of
8 the 1986 Code is amended by inserting “221,” be-
9 fore “911,”.

10 (D) Clause (iii) of section 469(i)(3)(E) of the
11 1986 Code is amended to read as follows:

12 “(iii) the amounts allowable as a de-
13 duction under sections 219 and 221, and”.

14 (3) The last sentence of section 221(e)(1) of
15 the 1986 Code is amended by inserting before the
16 period “or to any person by reason of a loan under
17 any qualified employer plan (as defined in section
18 72(p)(4)) or under any contract referred to in sec-
19 tion 72(p)(5)”.

20 (b) PROVISION RELATED TO SECTION 311 OF 1997
21 ACT.—In the case of any capital gain distribution made
22 after 1997 by a trust to which section 664 of the 1986
23 Code applies with respect to amounts properly taken into
24 account by such trust during 1997, paragraphs
25 (5)(A)(i)(I), (5)(A)(ii)(I), and (13)(A) of section 1(h) of

1 the 1986 Code (as in effect for taxable years ending on
2 December 31, 1997) shall not apply.

3 (c) AMENDMENT RELATED TO SECTION 506 OF 1997
4 ACT.—Section 2001(f)(2) of the 1986 Code is amended
5 by adding at the end the following:

6 “For purposes of subparagraph (A), the value of an
7 item shall be treated as shown on a return if the
8 item is disclosed in the return, or in a statement at-
9 tached to the return, in a manner adequate to ap-
10 prise the Secretary of the nature of such item.”.

11 (d) AMENDMENTS RELATED TO SECTION 904 OF
12 1997 ACT.—

13 (1) Paragraph (1) of section 9510(c) of the
14 1986 Code is amended to read as follows:

15 “(1) IN GENERAL.—Amounts in the Vaccine In-
16 jury Compensation Trust Fund shall be available, as
17 provided in appropriation Acts, only for—

18 “(A) the payment of compensation under
19 subtitle 2 of title XXI of the Public Health
20 Service Act (as in effect on August 5, 1997) for
21 vaccine-related injury or death with respect to
22 any vaccine—

23 “(i) which is administered after Sep-
24 tember 30, 1988, and

1 “(ii) which is a taxable vaccine (as de-
2 fined in section 4132(a)(1)) at the time
3 compensation is paid under such subtitle 2,
4 or

5 “(B) the payment of all expenses of admin-
6 istration (but not in excess of \$9,500,000 for
7 any fiscal year) incurred by the Federal Gov-
8 ernment in administering such subtitle.”.

9 (2) Section 9510(b) of the 1986 Code is amend-
10 ed by adding at the end the following new para-
11 graph:

12 “(3) LIMITATION ON TRANSFERS TO VACCINE
13 INJURY COMPENSATION TRUST FUND.—No amount
14 may be appropriated to the Vaccine Injury Com-
15 pensation Trust Fund on and after the date of any
16 expenditure from the Trust Fund which is not per-
17 mitted by this section. The determination of whether
18 an expenditure is so permitted shall be made without
19 regard to—

20 “(A) any provision of law which is not con-
21 tained or referenced in this title or in a revenue
22 Act, and

23 “(B) whether such provision of law is a
24 subsequently enacted provision or directly or in-

1 directly seeks to waive the application of this
2 paragraph.”.

3 (e) AMENDMENTS RELATED TO SECTION 915 OF
4 1997 ACT.—

5 (1) Section 915 of the 1997 Act is amended—

6 (A) in subsection (b), by inserting “or
7 1998” after “1997”, and

8 (B) by amending subsection (d) to read as
9 follows:

10 “(d) EFFECTIVE DATE.—This section shall apply to
11 taxable years ending with or within calendar year 1997.”.

12 (2) Paragraph (2) of section 6404(h) of the
13 1986 Code is amended by inserting “Robert T. Staf-
14 ford” before “Disaster”.

15 (f) AMENDMENTS RELATED TO SECTION 1012 OF
16 1997 ACT.—

17 (1) Paragraph (2) of section 351(c) of the 1986
18 Code, as amended by section 6010(c) of the 1998
19 Act, is amended by inserting “, or the fact that the
20 corporation whose stock was distributed issues addi-
21 tional stock,” after “dispose of part or all of the dis-
22 tributed stock”.

23 (2) Clause (ii) of section 368(a)(2)(H) of the
24 1986 Code, as amended by section 6010(c) of the
25 1998 Act, is amended by inserting “, or the fact

1 that the corporation whose stock was distributed
2 issues additional stock,” after “dispose of part or all
3 of the distributed stock”.

4 (g) PROVISION RELATED TO SECTION 1042 OF 1997
5 ACT.—Rules similar to the rules of section 1.1502-
6 75(d)(5) of the Treasury Regulations shall apply with re-
7 spect to any organization described in section 1042(b) of
8 the 1997 Act.

9 (h) AMENDMENT RELATED TO SECTION 1082 OF
10 1997 ACT.—Subparagraph (F) of section 172(b)(1) of the
11 1986 Code is amended by adding at the end the following
12 new clause:

13 “(iv) COORDINATION WITH PARA-
14 GRAPH (2).—For purposes of applying
15 paragraph (2), an eligible loss for any tax-
16 able year shall be treated in a manner
17 similar to the manner in which a specified
18 liability loss is treated.”

19 (i) AMENDMENT RELATED TO SECTION 1084 OF
20 1997 ACT.—Paragraph (3) of section 264(f) of the 1986
21 Code is amended by adding at the end the following flush
22 sentence:

23 “If the amount described in subparagraph (A) with
24 respect to any policy or contract does not reasonably
25 approximate its actual value, the amount taken into

1 account under subparagraph (A) shall be the greater
2 of the amount of the insurance company liability or
3 the insurance company reserve with respect to such
4 policy or contract (as determined for purposes of the
5 annual statement approved by the National Associa-
6 tion of Insurance Commissioners) or shall be such
7 other amount as is determined by the Secretary.”

8 (j) AMENDMENT RELATED TO SECTION 1175 OF
9 1997 ACT.—Subparagraph (C) of section 954(e)(2) of the
10 1986 Code is amended by striking “subsection (h)(8)” and
11 inserting “subsection (h)(9)”.

12 (k) AMENDMENT RELATED TO SECTION 1205 OF
13 1997 ACT.—Paragraph (2) of section 6311(d) of the 1986
14 Code is amended by striking “under such contracts” in
15 the last sentence and inserting “under any such contract
16 for the use of credit, debit, or charge cards for the pay-
17 ment of taxes imposed by subtitle A”.

18 (l) EFFECTIVE DATE.—The amendments made by
19 this section shall take effect as if included in the provisions
20 of the 1997 Act to which they relate.

21 **SEC. 404. AMENDMENTS RELATED TO TAX REFORM ACT OF**

22 **1984.**

23 (a) IN GENERAL.—Subparagraph (C) of section
24 172(d)(4) of the 1986 Code is amended to read as follows:

1 “(C) any deduction for casualty or theft
2 losses allowable under paragraph (2) or (3) of
3 section 165(c) shall be treated as attributable
4 to the trade or business; and”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Paragraph (3) of section 67(b) of the 1986
7 Code is amended by striking “for losses described in
8 subsection (c)(3) or (d) of section 165” and insert-
9 ing “for casualty or theft losses described in para-
10 graph (2) or (3) of section 165(c) or for losses de-
11 scribed in section 165(d)”.

12 (2) Paragraph (3) of section 68(c) of the 1986
13 Code is amended by striking “for losses described in
14 subsection (c)(3) or (d) of section 165” and insert-
15 ing “for casualty or theft losses described in para-
16 graph (2) or (3) of section 165(c) or for losses de-
17 scribed in section 165(d)”.

18 (3) Paragraph (1) of section 873(b) is amended
19 to read as follows:

20 “(1) LOSSES.—The deduction allowed by sec-
21 tion 165 for casualty or theft losses described in
22 paragraph (2) or (3) of section 165(c), but only if
23 the loss is of property located within the United
24 States.”

25 (c) EFFECTIVE DATES.—

1 (1) The amendments made by subsections (a)
2 and (b)(3) shall apply to taxable years beginning
3 after December 31, 1983.

4 (2) The amendment made by subsection (b)(1)
5 shall apply to taxable years beginning after Decem-
6 ber 31, 1986.

7 (3) The amendment made by subsection (b)(2)
8 shall apply to taxable years beginning after Decem-
9 ber 31, 1990.

10 **SEC. 405. OTHER AMENDMENTS.**

11 (a) AMENDMENTS RELATED TO SECTION 6103 OF
12 1986 CODE.—

13 (1) Subsection (j) of section 6103 of the 1986
14 Code is amended by adding at the end the following
15 new paragraph:

16 “(5) DEPARTMENT OF AGRICULTURE.—Upon
17 request in writing by the Secretary of Agriculture,
18 the Secretary shall furnish such returns, or return
19 information reflected thereon, as the Secretary may
20 prescribe by regulation to officers and employees of
21 the Department of Agriculture whose official duties
22 require access to such returns or information for the
23 purpose of, but only to the extent necessary in,
24 structuring, preparing, and conducting the census of

1 agriculture pursuant to the Census of Agriculture
2 Act of 1997 (Public Law 105–113).”.

3 (2) Paragraph (4) of section 6103(p) of the
4 1986 Code is amended by striking “(j)(1) or (2)” in
5 the material preceding subparagraph (A) and in sub-
6 paragraph (F) and inserting “(j)(1), (2), or (5)”.

7 (3) The amendments made by this subsection
8 shall apply to requests made on or after the date of
9 the enactment of this Act.

10 (b) AMENDMENT RELATED TO SECTION 9004 OF
11 TRANSPORTATION EQUITY ACT FOR THE 21ST CEN-
12 TURY.—

13 (1) Paragraph (2) of section 9503(f) of the
14 1986 Code is amended to read as follows:

15 “(2) notwithstanding section 9602(b), obliga-
16 tions held by such Fund after September 30, 1998,
17 shall be obligations of the United States which are
18 not interest-bearing.”

19 (2) The amendment made by paragraph (1)
20 shall take effect on October 1, 1998.

21 (c) AMENDMENT RELATED TO TREASURY AND GEN-
22 ERAL GOVERNMENT APPROPRIATIONS ACT, 1999.—

23 (1) The Treasury and General Government Ap-
24 propriations Act, 1999 is amended by striking sec-

1 tion 804 (relating to technical and clarifying amend-
2 ments relating to judicial retirement program).

3 (2) The amendment made by paragraph (1)
4 shall take effect as if such section 804 had never
5 been enacted.

6 (d) CLERICAL AMENDMENTS.—

7 (1) Clause (i) of section 51(d)(6)(B) of the
8 1986 Code is amended by striking “rehabilitation
9 plan” and inserting “plan for employment”. The ref-
10 erence to “plan for employment” in such clause shall
11 be treated as including a reference to the rehabilita-
12 tion plan referred to in such clause as in effect be-
13 fore the amendment made by the preceding sen-
14 tence.

15 (2) Paragraph (3) of section 56(a) of the 1986
16 Code is amended by striking “section 460(b)(2)”
17 and inserting “section 460(b)(1)” and by striking
18 “section 460(b)(4)” and inserting “section
19 460(b)(3)”.

20 (3) Paragraph (10) of section 2031(c) of the
21 1986 Code is amended by striking “section
22 2033A(e)(3)” and inserting “section 2057(e)(3)”.

23 (4) Subparagraphs (C) and (D) of section
24 6693(a)(2) of the 1986 Code are each amended by
25 striking “Section” and inserting “section”.

1 **SEC. 406. AMENDMENTS RELATED TO URUGUAY ROUND**
2 **AGREEMENTS ACT.**

3 (a) **INAPPLICABILITY OF ASSIGNMENT PROHIBI-**
4 **TION.**—Section 207 of the Social Security Act (42 U.S.C.
5 407) is amended by adding at the end the following new
6 subsection:

7 “(c) Nothing in this section shall be construed to pro-
8 hibit withholding taxes from any benefit under this title,
9 if such withholding is done pursuant to a request made
10 in accordance with section 3402(p)(1) of the Internal Rev-
11 enue Code of 1986 by the person entitled to such benefit
12 or such person’s representative payee.”.

13 (b) **PROPER ALLOCATION OF COSTS OF WITHHOLD-**
14 **ING BETWEEN THE TRUST FUNDS AND THE GENERAL**
15 **FUND.**—Section 201(g) of such Act (42 U.S.C. 401(g))
16 is amended—

17 (1) by inserting before the period in paragraph
18 (1)(A)(ii) the following: “and the functions of the
19 Social Security Administration in connection with
20 the withholding of taxes from benefits, as described
21 in section 207(c), pursuant to requests by persons
22 entitled to such benefits or such persons’ representa-
23 tive payee”;

24 (2) by inserting before the period at the end of
25 paragraph (1)(A) the following: “and the functions
26 of the Social Security Administration in connection

1 with the withholding of taxes from benefits, as de-
2 scribed in section 207(c), pursuant to requests by
3 persons entitled to such benefits or such persons'
4 representative payee”;

5 (3) in paragraph (1)(B)(i)(I), by striking “sub-
6 paragraph (A)),” and inserting “subparagraph (A))
7 and the functions of the Social Security Administra-
8 tion in connection with the withholding of taxes from
9 benefits, as described in section 207(c), pursuant to
10 requests by persons entitled to such benefits or such
11 persons' representative payee,”;

12 (4) in paragraph (1)(C)(iii), by inserting before
13 the period the following: “and the functions of the
14 Social Security Administration in connection with
15 the withholding of taxes from benefits, as described
16 in section 207(c), pursuant to requests by persons
17 entitled to such benefits or such persons' representa-
18 tive payee”;

19 (5) in paragraph (1)(D), by inserting after
20 “section 232” the following: “and the functions of
21 the Social Security Administration in connection
22 with the withholding of taxes from benefits as de-
23 scribed in section 207(c)”;

24 (6) in paragraph (4), by inserting after the first
25 sentence the following: “The Board of Trustees of

1 such Trust Funds shall prescribe the method of de-
2 termining the costs which should be borne by the
3 general fund in the Treasury of carrying out the
4 functions of the Social Security Administration in
5 connection with the withholding of taxes from bene-
6 fits, as described in section 207(c), pursuant to re-
7 quests by persons entitled to such benefits or such
8 persons' representative payee.".

9 (c) EFFECTIVE DATE.—The amendments made by
10 subsection (b) shall apply to benefits paid on or after the
11 first day of the second month beginning after the month
12 in which this Act is enacted.

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