

105TH CONGRESS
1ST SESSION

S. 724

To amend the Internal Revenue Code of 1986 to provide corporate alternative minimum tax reform.

IN THE SENATE OF THE UNITED STATES

MAY 8, 1997

Mr. NICKLES (for himself, Mr. ROCKEFELLER, Mr. LOTT, Mr. BREAUX, Mr. HATCH, Ms. MOSELEY-BRAUN, Mr. MURKOWSKI, Mr. D'AMATO, Mr. GRAMM, Mr. MACK, Mr. LIEBERMAN, Mr. COCHRAN, Mr. BROWNBACK, Mr. ENZI, and Mr. HUTCHINSON) 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 corporate alternative minimum tax reform.

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 “Alternative Minimum
5 Tax Reform Act of 1997”.

6 **SEC. 2. MODIFICATION OF DEPRECIATION RULES UNDER**
7 **MINIMUM TAX.**

8 (a) IN GENERAL.—Clause (i) of section 56(a)(1)(A)
9 of the Internal Revenue Code of 1986 is amended by in-

1 serting “and before January 1, 1997,” after “December
2 31, 1986.”

3 (b) CONFORMING AMENDMENT.—Clause (ii) of sec-
4 tion 56(a)(1)(A) of such Code is amended by striking
5 “The method” and inserting “In the case of property
6 placed in service before January 1, 1997, the method”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years ending after De-
9 cember 31, 1996.

10 **SEC. 3. LONG-TERM UNUSED CREDITS ALLOWED AGAINST**
11 **MINIMUM TAX.**

12 (a) IN GENERAL.—Section 53(c) of the Internal Rev-
13 enue Code of 1986 (relating to limitation) is amended by
14 adding at the end the following new paragraph:

15 “(2) SPECIAL RULE FOR TAXPAYERS WITH
16 LONG-TERM UNUSED CREDITS.—

17 “(A) IN GENERAL.—If—

18 “(i) a corporation to which section
19 56(g) applies has a long-term unused mini-
20 mum tax credit for a taxable year, and

21 “(ii) no credit would be allowable
22 under this section for the taxable year by
23 reason of paragraph (1),

1 then there shall be allowed a credit under sub-
2 section (a) for the taxable year in the amount
3 determined under subparagraph (B).

4 “(B) AMOUNT OF CREDIT.—For purposes
5 of subparagraph (A), the amount of the credit
6 shall be equal to the least of the following for
7 the taxable year:

8 “(i) The long-term unused minimum
9 tax credit.

10 “(ii) 50 percent of the taxpayer’s ten-
11 tative minimum tax.

12 “(iii) The excess (if any) of the
13 amount under paragraph (1)(B) over the
14 amount under paragraph (1)(A).

15 “(C) LONG-TERM UNUSED MINIMUM TAX
16 CREDIT.—For purposes of this paragraph—

17 “(i) IN GENERAL.—The long-term un-
18 used minimum tax credit for any taxable
19 year is the portion of the minimum tax
20 credit determined under subsection (b) at-
21 tributable to the adjusted net minimum tax
22 for taxable years beginning after 1986 and
23 ending before the 5th taxable year imme-
24 diately preceding the taxable year for
25 which the determination is being made.

1 “(ii) FIRST-IN, FIRST-OUT ORDERING
2 RULE.—For purposes of clause (i), credits
3 shall be treated as allowed under sub-
4 section (a) on a first-in, first-out basis.”

5 (b) CONFORMING AMENDMENTS.—(1) Section 53(c)
6 of such Code (as in effect before the amendment made
7 by subsection (a)) is amended—

8 (A) by striking “The” and inserting:

9 “(1) IN GENERAL.—The”, and

10 (B) by redesignating paragraphs (1) and (2) as
11 subparagraphs (A) and (B), respectively.

12 (2) Subparagraph (C) of section 108(b)(4) of such
13 Code is amended by striking “and (G)” in the text and
14 heading and inserting “, (C), and (G)”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 1996.

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