

106TH CONGRESS  
2D SESSION

# S. 2605

To amend the Internal Revenue Code of 1986 to expand income averaging to include the trade or business of fishing and to provide a business credit against income for the purchase of fishing safety equipment.

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IN THE SENATE OF THE UNITED STATES

MAY 23, 2000

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

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## A BILL

To amend the Internal Revenue Code of 1986 to expand income averaging to include the trade or business of fishing and to provide a business credit against income for the purchase of fishing safety equipment.

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 “Commercial Fishermen  
5       Safety and Tax Fairness Act of 2000”.

6       **SEC. 2. INCOME AVERAGING FOR FISHERMEN.**

7       (a) ALLOWING INCOME AVERAGING FOR FISHER-  
8       MEN.—Subsection (a) of section 1301 of the Internal Rev-

1 enue Code of 1986 (relating to averaging of farm income)  
2 is amended by striking “farming business” and inserting  
3 “farming business or fishing business”.

4 (b) DEFINITION OF ELECTED FARM INCOME.—

5 (1) IN GENERAL.—Clause (i) of section  
6 1301(b)(1)(A) of such Code is amended by inserting  
7 “or fishing business” before the semicolon.

8 (2) CONFORMING AMENDMENT.—Subparagraph  
9 (B) of section 1301(b)(1) of such Code is amended  
10 by inserting “or fishing business” after “farming  
11 business” both places it occurs.

12 (c) DEFINITION OF FISHING BUSINESS.—Section  
13 1301(b) of such Code is amended by adding at the end  
14 the following new paragraph:

15 “(4) FISHING BUSINESS.—The term ‘fishing  
16 business’ means the conduct of commercial fishing  
17 as defined in section 3 of the Magnuson-Stevens  
18 Fishery Conservation and Management Act (16  
19 U.S.C. 1802).”.

20 **SEC. 3. CREDIT FOR PURCHASE OF FISHING SAFETY**  
21 **EQUIPMENT.**

22 (a) IN GENERAL.—Subpart D of part IV of sub-  
23 chapter A of chapter 1 of the Internal Revenue Code of  
24 1986 (relating to business-related credits) is amended by  
25 adding at the end the following new section:

1 **“SEC. 45D. FISHING SAFETY EQUIPMENT CREDIT.**

2       “(a) GENERAL RULE.—For purposes of section 38,  
3 in the case of an eligible taxpayer, the fishing safety equip-  
4 ment credit determined under this section for the taxable  
5 year is 75 percent of the amount of qualified fishing safety  
6 equipment expenses paid or incurred by the taxpayer dur-  
7 ing the taxable year.

8       “(b) LIMITATION ON MAXIMUM CREDIT.—The credit  
9 allowed under subsection (a) with respect to a taxpayer  
10 for the taxable year shall not exceed \$1,500.

11       “(c) ELIGIBLE TAXPAYER.—For purposes of this sec-  
12 tion, the term ‘eligible taxpayer’ means a taxpayer en-  
13 gaged in a fishing business (as defined in section  
14 1301(b)(4)).

15       “(d) QUALIFIED FISHING SAFETY EQUIPMENT EX-  
16 PENSES.—For purposes of this section—

17               “(1) IN GENERAL.—The term ‘qualified fishing  
18 safety equipment expenses’ means an amount paid  
19 or incurred for fishing safety equipment for use by  
20 the taxpayer in connection with a fishing business.

21               “(2) FISHING SAFETY EQUIPMENT.—The term  
22 ‘fishing safety equipment’ means lifesaving equip-  
23 ment required to be carried by a vessel under section  
24 4502 of title 46, United States Code.

25       “(e) SPECIAL RULES.—

1           “(1) IN GENERAL.—Rules similar to the rules  
2 of subsections (c), (d), and (e) of section 52 shall  
3 apply for purposes of this section.

4           “(2) AGGREGATION RULES.—All persons treat-  
5 ed as a single employer under subsection (a) or (b)  
6 of section 52 or subsection (m) or (o) of section 414  
7 shall be treated as one person for purposes of sub-  
8 section (a).

9           “(f) DENIAL OF DOUBLE BENEFIT.—No deduction  
10 shall be allowed under this chapter (other than a credit  
11 under this section) for any amount taken into account in  
12 determining the credit under this section.

13           “(g) BASIS ADJUSTMENT.—For purposes of this sub-  
14 title, if a credit is allowed under this section with respect  
15 to any equipment, the basis of such equipment shall be  
16 reduced by the amount of the credit so allowed.”.

17           (b) LIMITATION ON CARRYBACK.—Section 39(d) of  
18 the Internal Revenue Code of 1986 (relating to transition  
19 rules) is amended by adding at the end the following new  
20 paragraph:

21           “(9) NO CARRYBACK OF FISHING SAFETY  
22 EQUIPMENT CREDIT BEFORE EFFECTIVE DATE.—No  
23 portion of the unused business credit for any taxable  
24 year which is attributable to the fishing safety  
25 equipment credit determined under section 45D may

1 be carried to a taxable year ending before the date  
2 of the enactment of section 45D.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 38(b) of the Internal Revenue Code  
5 of 1986 (relating to general business credit) is  
6 amended by striking “plus” at the end of paragraph  
7 (11), by striking the period at the end of paragraph  
8 (12) and inserting “, plus”, and by adding at the  
9 end the following new paragraph:

10 “(13) the fishing safety equipment credit deter-  
11 mined under section 45D(a).”.

12 (2) Subsection (a) of section 1016 of such Code  
13 is amended by striking “and” at the end of para-  
14 graph (26), by striking the period at the end of  
15 paragraph (27) and inserting “, and”, and by add-  
16 ing at the end the following new paragraph:

17 “(28) in the case of equipment with respect to  
18 which a credit was allowed under section 45D, to the  
19 extent provided in section 45D(g).”.

20 (d) CLERICAL AMENDMENT.—The table of sections  
21 for subpart D of part IV of subchapter A of chapter 1  
22 of the Internal Revenue Code of 1986 is amended by in-  
23 serting after the item relating to section 45C the following  
24 new item:

“Sec. 45D. Fishing safety equipment credit.”.

1 **SEC. 4. EFFECTIVE DATE.**

2       The amendments made by this Act shall apply to tax-  
3 able years beginning after December 31, 2000.

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