

107TH CONGRESS  
1ST SESSION

# H. R. 2374

To amend the Internal Revenue Code of 1986 to treat certain motor vehicle dealer transitional assistance as an involuntary conversion, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2001

Mr. CAMP introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to treat certain motor vehicle dealer transitional assistance as an involuntary conversion, 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. MOTOR VEHICLE DEALER TRANSITIONAL AS-**  
4 **SISTANCE TREATED AS AN INVOLUNTARY**  
5 **CONVERSION.**

6 (a) IN GENERAL.—For purposes of subtitle A of the  
7 Internal Revenue Code of 1986, in the case of a taxpayer  
8 who was a party to a motor vehicle sales and service agree-  
9 ment with a motor vehicle manufacturer who announced

1 in December 2000 that it would phase-out the motor vehi-  
2 cle brand to which such agreement relates—

3 (1) amounts received by such taxpayer from  
4 such manufacturer on account of the termination of  
5 such agreement shall be treated as received in an in-  
6 voluntary conversion to which section 1033 of such  
7 Code applies, and

8 (2) the period described in section  
9 1033(a)(2)(B) of such Code shall begin on Decem-  
10 ber 12, 2000.

11 (b) CHARACTER OF CONVERTED PROPERTY.—In ap-  
12 plying section 1033 of such Code for purposes of this sec-  
13 tion, the property involuntarily converted shall be treated  
14 as being property used in the trade or business of a motor  
15 vehicle retail sales and service dealership.

16 (c) DEDUCTION FOR INTEREST ON DEFICIENCIES.—  
17 In the case of a taxpayer who makes an election under  
18 subparagraph (A) of section 1033(a)(2) of such Code pur-  
19 suant to this section, any interest attributable to a defi-  
20 ciency referred to in subparagraph (C) of such section  
21 shall be allowable as a deduction under subtitle A of such  
22 Code notwithstanding any law or rule of law.

23 (d) EXCEPTION FROM TAX ON CERTAIN BUILT-IN  
24 GAINS OF S CORPORATIONS.—Solely for purposes of sec-  
25 tion 1374 of such Code, in the case of a corporation which

1 elects before June 28, 2001, to be an S corporation (as  
2 defined in section 1361 of such Code), payments referred  
3 to in subsection (a) (whether or not an election under sec-  
4 tion 1033 of such Code is made pursuant to this section)  
5 shall not be taken into account in computing net recog-  
6 nized built-in gain of such corporation.

7 (e) **INSTALLMENT SALES TREATMENT.**—Amounts  
8 referred to in subsection (a)(1) with respect to which the  
9 taxpayer does not make an election under subparagraph  
10 (A) of section 1033(a)(2) of such Code shall be treated  
11 for purposes of such Code as received from an installment  
12 sale to which section 453 applies.

13 (f) **EFFECTIVE DATE.**—This section shall apply to  
14 amounts received after December 12, 2000, in taxable  
15 years ending after such date.

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