

109TH CONGRESS  
1ST SESSION

# H. R. 2174

To provide for qualified withdrawals from the Capital Construction Fund for fishermen leaving the industry and for the rollover of Capital Construction Funds to individual retirement plans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 5, 2005

Mrs. CAPPS (for herself, Mr. DEFAZIO, Mr. FARR, Ms. HOOLEY, Mr. FRANK of Massachusetts, Mr. BLUMENAUER, Ms. LEE, and Ms. WOOLSEY) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide for qualified withdrawals from the Capital Construction Fund for fishermen leaving the industry and for the rollover of Capital Construction Funds to individual retirement plans, 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.**

4 This Act may be cited as the “Capital Construction  
5 Fund Qualified Withdrawal Act of 2005”.

1 **SEC. 2. AMENDMENT OF THE MERCHANT MARINE ACT OF**  
2 **1936 TO ENCOURAGE RETIREMENT OF CER-**  
3 **TAIN FISHING VESSELS AND PERMITS.**

4 (a) IN GENERAL.—Section 607(a) of the Merchant  
5 Marine Act, 1936 (46 U.S.C. App. 1177(a)) is amended  
6 by adding at the end the following: “Any agreement en-  
7 tered into under this section may be modified for the pur-  
8 pose of encouraging the sustainability of the fisheries of  
9 the United States by making the termination and with-  
10 drawal of a capital construction fund a qualified with-  
11 drawal if done in exchange for the retirement of the re-  
12 lated commercial fishing vessels and related commercial  
13 fishing permits.”.

14 (b) NEW QUALIFIED WITHDRAWALS.—

15 (1) IN GENERAL.—Section 607(f)(1) of the  
16 Merchant Marine Act, 1936 (46 U.S.C. App.  
17 1177(f)(1)) is amended by—

18 (A) striking “for:” and inserting “for—”;

19 (B) striking “vessel” in subparagraph (A)  
20 and inserting “vessel;”;

21 (C) striking “vessel, or” in subparagraph  
22 (B) and inserting “vessel;”;

23 (D) striking “vessel.” in subparagraph (C)  
24 and inserting “vessel;” and

25 (E) inserting after subparagraph (C) the  
26 following:

1           “(D) the payment of an industry fee au-  
2           thorized by the fishing capacity reduction pro-  
3           gram under section 312(b) of the Magnuson-  
4           Stevens Fishery Conservation and Management  
5           Act (16 U.S.C. 1861a(b));

6           “(E) in the case of any such person or  
7           shareholder for whose benefit such fund was es-  
8           tablished with respect to any vessel operated in  
9           the fisheries of the United States, or any share-  
10          holder of such person, a rollover contribution  
11          (within the meaning of section 408(d)(3) of the  
12          Internal Revenue Code of 1986) to such per-  
13          son’s or shareholder’s individual retirement plan  
14          (as defined in section 7701(a)(37) of such  
15          Code);

16          “(F) the payment of the net proceeds de-  
17          posited into the fund from a sale described in  
18          subsection (b)(1)(C)(ii) to a person retiring re-  
19          lated commercial fishing vessels and permits;

20          “(G) the acquisition of a vessel monitoring  
21          system as a safety improvement for a fishing  
22          vessel; or

23          “(H) the acquisition or construction of  
24          fishing gear designed to minimize or avoid by-  
25          catch as required under section 301(a)(9) of the

1 Magnuson-Stevens Fishery Conservation and  
2 Management Act (16 U.S.C. 1851(a)(9)).”.

3 (2) REDUCTION PROGRAM SALE PROCEEDS AL-  
4 LOWED IN DETERMINING DEPOSIT CEILING.—Sec-  
5 tion 607(b)(1)(C) of such Act (46 U.S.C. App.  
6 1177(b)(1)(C)) is amended by striking “or (ii)” and  
7 inserting “(ii) the sale of any agreement vessel or  
8 fishing permit retired through the fishing capacity  
9 reduction program under section 312(b) of the Mag-  
10 nuson-Stevens Fishery Conservation and Manage-  
11 ment Act (16 U.S.C. 1861a(b)), or (iii)”.

12 (3) CERTAIN QUALIFIED WITHDRAWALS TREAT-  
13 ED AS WITHDRAWN FROM THE CAPITAL ACCOUNT.—  
14 Section 607(e)(2)(B) of such Act (46 U.S.C. App.  
15 1177(e)(2)(B)) is amended by adding at the end  
16 “unless such portion represents gain from a sale de-  
17 scribed in subsection (b)(1)(C)(ii) and is withdrawn  
18 for any purpose provided under subparagraph (D),  
19 (E), or (F) of subsection (f)(1),”.

20 (4) SECRETARY TO ENSURE RETIREMENT OF  
21 VESSELS AND PERMITS.—The Secretary of Com-  
22 merce by regulation shall establish procedures to en-  
23 sure that any person making a qualified withdrawal  
24 authorized by section 607(f)(1)(F) of the Merchant  
25 Marine Act, 1936 (46 U.S.C. App. 1177(f)(1)(F))

1       retires the related commercial use of fishing vessels  
2       and commercial fishery permits.

3       (c) CONFORMING AMENDMENTS.—

4             (1) IN GENERAL.—Section 7518(e)(1) of the  
5       Internal Revenue Code of 1986 (relating to purposes  
6       of qualified withdrawals) is amended—

7             (A) by striking “for:” and inserting  
8       “for—”;

9             (B) by striking “vessel, or” in subpara-  
10       graph (B) and inserting “vessel,”;

11            (C) by striking “vessel.” in subparagraph  
12       (C) and inserting “vessel,”;

13            (D) by inserting after subparagraph (C)  
14       the following:

15            “(D) the payment of an industry fee au-  
16       thorized by the fishing capacity reduction pro-  
17       gram under section 312 of the Magnuson-Ste-  
18       vens Fishery Conservation and Management  
19       Act (16 U.S.C. 1861a),

20            “(E) in the case of any person or share-  
21       holder for whose benefit such fund was estab-  
22       lished with respect to any vessel operated in the  
23       fisheries of the United States, or any share-  
24       holder of such person, a rollover contribution  
25       (within the meaning of section 408(d)(3)) to

1 such person's or shareholder's individual retire-  
2 ment plan (as defined in section 7701(a)(37)),

3 “(F) the payment of the net proceeds de-  
4 posited into the fund from a sale described in  
5 subsection (a)(1)(C)(ii) to a person retiring re-  
6 lated commercial fishing vessels and permits,

7 “(G) the acquisition of a vessel monitoring  
8 system as a safety improvement for a fishing  
9 vessel, or

10 “(H) the acquisition or construction of  
11 fishing gear designed to minimize or avoid by-  
12 catch as required under section 301(a)(9) of the  
13 Magnuson-Stevens Fishery Conservation and  
14 Management Act (16 U.S.C. 1851(a)(9)).”.

15 (2) REDUCTION PROGRAM SALE PROCEEDS AL-  
16 LOWED IN DETERMINING DEPOSIT CEILING.—Sec-  
17 tion 7518(a)(1)(C) of such Code is amended by  
18 striking “or” at the end of clause (i), by redesign-  
19 ating clause (ii) as clause (iii), and by inserting  
20 after clause (i) the following new clause:

21 “(ii) the sale of any agreement vessel  
22 or fishing permit retired through the fish-  
23 ing capacity reduction program under sec-  
24 tion 312(b) of the Magnuson-Stevens Fish-

1                   ery Conservation and Management Act (16  
2                   U.S.C. 1861a(b)), or”.

3                   (3) CERTAIN QUALIFIED WITHDRAWALS TREAT-  
4                   ED AS WITHDRAWN FROM THE CAPITAL ACCOUNT.—  
5                   Section 7718(d)(2)(B) of such Code is amended by  
6                   adding at the end “unless such portion represents  
7                   gain from a sale described in subsection (a)(1)(C)(ii)  
8                   and is withdrawn for any purpose provided under  
9                   subparagraph (D), (E), or (F) of subsection  
10                  (e)(1),”.

11                  (4) SECRETARY TO ENSURE RETIREMENT OF  
12                  VESSELS AND PERMITS.—The Secretary of the  
13                  Treasury by regulation shall establish procedures to  
14                  ensure that any person making a qualified with-  
15                  drawal authorized by section 7518(e)(1)(F) of the  
16                  Internal Revenue Code of 1986 retires the related  
17                  commercial use of fishing vessels and commercial  
18                  fishery permits referred to therein.

19                  (d) EFFECTIVE DATE.—The amendments made by  
20                  this section shall apply to withdrawals made after the date  
21                  of enactment of this Act.

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