

110TH CONGRESS
2D SESSION

H. R. 7253

To enhance economic growth and promote the stability of the financial system of the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 3, 2008

Mr. ADERHOLT introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial 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

A BILL

To enhance economic growth and promote the stability of the financial system of the United States, 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 “Economic Growth and
5 Financial Stabilization Act of 2008”.

1 **SEC. 2. ZERO PERCENT CAPITAL GAINS RATE FOR INDIVID-**
2 **UALS AND CORPORATIONS.**

3 (a) ZERO PERCENT CAPITAL GAINS RATE FOR INDI-
4 VIDUALS.—

5 (1) IN GENERAL.—Paragraph (1) of section
6 1(h) of the Internal Revenue Code of 1986 is
7 amended by striking subparagraph (C), by redesignig-
8 nating subparagraphs (D) and (E) and subpara-
9 graphs (C) and (D), respectively, and by amending
10 subparagraph (B) to read as follows:

11 “(B) 0 percent of the adjusted net capital
12 gain (or, if less, taxable income);”.

13 (2) ALTERNATIVE MINIMUM TAX.—Paragraph
14 (3) of section 55(b) of such Code is amended by
15 striking subparagraph (C), by redesignating sub-
16 paragraph (D) as subparagraph (C), and by amend-
17 ing subparagraph (B) to read as follows:

18 “(B) 0 percent of the adjusted net capital
19 gain (or, if less, taxable excess), plus”.

20 (3) REPEAL OF SUNSET OF REDUCTION IN CAP-
21 ITAL GAINS RATES FOR INDIVIDUALS.—Section 303
22 of the Jobs and Growth Tax Relief Reconciliation
23 Act of 2003 shall not apply to section 301 of such
24 Act.

25 (b) ZERO PERCENT CAPITAL GAINS RATE FOR COR-
26 PORATIONS.—

1 (1) IN GENERAL.—Section 1201 of the Internal
2 Revenue Code of 1986 is amended by redesignating
3 subsection (b) as subsection (c), and by striking sub-
4 section (a) and inserting the following new sub-
5 sections:

6 “(a) GENERAL RULE.—If for any taxable year a cor-
7 poration has a net capital gain, then, in lieu of the tax
8 imposed by sections 11, 511, 821(a) or (c), and 831(a),
9 there is hereby imposed a tax (if such tax is less than
10 the tax imposed by such sections) which shall consist of
11 the sum of—

12 “(1) a tax computed on the taxable income re-
13 duced by the amount of the net capital gain, at the
14 rates and in the manner as if this subsection had
15 not been enacted,

16 “(2) 0 percent of the adjusted net capital gain
17 (or, if less, taxable income),

18 “(3) 25 percent of taxable income in excess of
19 the sum of the amounts on which tax is determined
20 under the preceding paragraphs of this subsection.

21 “(b) DEFINITIONS AND SPECIAL RULES.—For pur-
22 poses of this section—

23 “(1) IN GENERAL.—The term ‘adjusted net
24 capital gain’ shall have the meaning given such term
25 in section 1(h).

1 “(2) DIVIDENDS TAXED AT NET CAPITAL
2 GAIN.—Except as otherwise provided in this section,
3 the term ‘net capital gain’ has the meaning given
4 such term in section 1(h)(11).”.

5 (2) ALTERNATIVE MINIMUM TAX.—Section
6 55(b) of such Code is amended by adding at the end
7 the following new paragraph:

8 “(4) MAXIMUM RATE OF TAX ON NET CAPITAL
9 GAIN OF CORPORATIONS.—The amount determined
10 under paragraph (1)(B)(i) shall not exceed the sum
11 of—

12 “(A) the amount determined under such
13 paragraph computed at the rates and in the
14 same manner as if this paragraph had not been
15 enacted on the taxable excess reduced by the
16 net capital gain, plus

17 “(B) the amount determined under section
18 1201.”.

19 (3) TECHNICAL AMENDMENTS.—

20 (A) Section 1445(e)(1) of such Code is
21 amended by striking “35 percent (or, to the ex-
22 tent provided in regulations, 15 percent)” and
23 inserting “0 percent”.

1 (B) Section 1445(e)(2) of such Code is
2 amended by striking “35 percent” and inserting
3 “0 percent”.

4 (C) Section 7518(g)(6)(A) of such Code is
5 amended by striking “15 percent (34 percent in
6 the case of a corporation)” and inserting “0
7 percent”.

8 (D) Section 607(h)(6)(A) of the Merchant
9 Marine Act, 1936 is amended by striking “15
10 percent (34 percent in the case of a corpora-
11 tion)” and inserting “0 percent”.

12 (c) EFFECTIVE DATE.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), the amendments made by this section
15 shall apply to taxable years beginning after the date
16 of the enactment of this Act.

17 (2) WITHHOLDING.—The amendments made by
18 subparagraphs (A) and (B) of subsection (b)(3)
19 shall take apply to dispositions and distributions
20 after the date of the enactment of this Act.

21 **SEC. 3. REDUCTION IN TOP CORPORATE MARGINAL RATE.**

22 (a) IN GENERAL.—Paragraph (1) of section 11(b) of
23 the Internal Revenue Code of 1986 is amended—

24 (1) by adding “and” at the end of subpara-
25 graph (A),

1 (2) by striking “ but does not exceed \$75,000,”
2 in subparagraph (B) and inserting a period,
3 (3) by striking subparagraphs (C) and (D), and
4 (4) by striking “\$11,750” and all that follows
5 and inserting “\$5,000.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 11(b)(2) of such Code is amended
8 by striking “35 percent” and inserting “28 per-
9 cent”.

10 (2) Section 833(b)(1)(A) of such Code is
11 amended by striking “25 percent” and inserting “20
12 percent”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 the date of the enactment of this Act.

16 **SEC. 4. DISTRESSED ASSETS LOAN FUND.**

17 (a) ESTABLISHMENT.—There is established in the
18 Department of the Treasury a Distressed Assets Loan
19 Fund (hereafter in this section referred to as the “Fund”)
20 under the control of the Secretary of the Treasury for the
21 purpose of making loans available to depository institu-
22 tions with distressed assets at low rates of interest under
23 terms prescribed by the Secretary and in a manner pro-
24 vided in the regulations prescribed under subsection (b).

1 (b) REGULATIONS.—The Secretary shall prescribe
2 regulations to define terms used in this section and estab-
3 lish an administration for the Fund.

4 **SEC. 5. INCREASE IN MAXIMUM AMOUNT OF DEPOSIT IN-**
5 **SURANCE AND SHARE INSURANCE.**

6 (a) STANDARD MAXIMUM DEPOSIT INSURANCE
7 AMOUNT INCREASED.—Section 11(a) of the Federal De-
8 posit Insurance Act (12 U.S.C. 1821(a)) is amended—

9 (1) in subparagraph (E), by striking
10 “\$100,000” and all that follows through the end of
11 the subparagraph and inserting “\$250,000.”; and

12 (2) in subparagraph (F)(i)(I), by striking
13 “\$100,000” and inserting “\$250,000”.

14 (b) STANDARD MAXIMUM SHARE INSURANCE
15 AMOUNT INCREASED.—Section 207(k)(5) of the Federal
16 Credit Union Act (12 U.S.C. 1787(k)(5)) is amended by
17 striking “\$100,000” and inserting “\$250,000”.

18 **SEC. 6. GAIN OR LOSS FROM SALE OR EXCHANGE OF CER-**
19 **TAIN PREFERRED STOCK.**

20 (a) IN GENERAL.—For purposes of the Internal Rev-
21 enue Code of 1986, gain or loss from the sale or exchange
22 of any applicable preferred stock by any applicable finan-
23 cial institution shall be treated as ordinary income or loss.

1 (b) APPLICABLE PREFERRED STOCK.—For purposes
2 of this section, the term “applicable preferred stock”
3 means any stock—

4 (1) which is preferred stock in—

5 (A) the Federal National Mortgage Asso-
6 ciation, established pursuant to the Federal Na-
7 tional Mortgage Association Charter Act (12
8 U.S.C. 1716 et seq.), or

9 (B) the Federal Home Loan Mortgage
10 Corporation, established pursuant to the Fed-
11 eral Home Loan Mortgage Corporation Act (12
12 U.S.C. 1451 et seq.), and

13 (2) which—

14 (A) was held by the applicable financial in-
15 stitution on September 6, 2008, or

16 (B) was sold or exchanged by the applica-
17 ble financial institution on or after January 1,
18 2008, and before September 7, 2008.

19 (c) APPLICABLE FINANCIAL INSTITUTION.—For pur-
20 poses of this section:

21 (1) IN GENERAL.—Except as provided in para-
22 graph (2), the term “applicable financial institution”
23 means—

1 (A) a financial institution referred to in
2 section 582(c)(2) of the Internal Revenue Code
3 of 1986, or

4 (B) a depository institution holding com-
5 pany (as defined in section 3(w)(1) of the Fed-
6 eral Deposit Insurance Act (12 U.S.C.
7 1813(w)(1))).

8 (2) SPECIAL RULES FOR CERTAIN SALES.—In
9 the case of—

10 (A) a sale or exchange described in sub-
11 section (b)(2)(B), an entity shall be treated as
12 an applicable financial institution only if it was
13 an entity described in subparagraph (A) or (B)
14 of paragraph (1) at the time of the sale or ex-
15 change, and

16 (B) a sale or exchange after September 6,
17 2008, of preferred stock described in subsection
18 (b)(2)(A), an entity shall be treated as an appli-
19 cable financial institution only if it was an enti-
20 ty described in subparagraph (A) or (B) of
21 paragraph (1) at all times during the period be-
22 ginning on September 6, 2008, and ending on
23 the date of the sale or exchange of the pre-
24 ferred stock.

1 (d) SPECIAL RULE FOR CERTAIN PROPERTY NOT
2 HELD ON SEPTEMBER 6, 2008.—The Secretary of the
3 Treasury or the Secretary’s delegate may extend the appli-
4 cation of this section to all or a portion of the gain or
5 loss from a sale or exchange in any case where—

6 (1) an applicable financial institution sells or
7 exchanges applicable preferred stock after Sep-
8 tember 6, 2008, which the applicable financial insti-
9 tution did not hold on such date, but the basis of
10 which in the hands of the applicable financial insti-
11 tution at the time of the sale or exchange is the
12 same as the basis in the hands of the person which
13 held such stock on such date, or

14 (2) the applicable financial institution is a part-
15 ner in a partnership which—

16 (A) held such stock on September 6, 2008,
17 and later sold or exchanged such stock, or

18 (B) sold or exchanged such stock during
19 the period described in subsection (b)(2)(B).

20 (e) REGULATORY AUTHORITY.—The Secretary of the
21 Treasury or the Secretary’s delegate may prescribe such
22 guidance, rules, or regulations as are necessary to carry
23 out the purposes of this section.

1 (f) EFFECTIVE DATE.—This section shall apply to
2 sales or exchanges occurring after December 31, 2007, in
3 taxable years ending after such date.

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