

103D CONGRESS
1ST SESSION

S. 364

To amend the Internal Revenue Code of 1986 to modify the involuntary conversion rules for certain disaster-related conversions.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 16 (legislative day, JANUARY 5), 1993

Mrs. FEINSTEIN (for herself and Mrs. BOXER) 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 modify the involuntary conversion rules for certain disaster-related conversions.

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. MODIFICATION OF INVOLUNTARY CONVERSION**

4 **RULES FOR CERTAIN DISASTER-RELATED**
5 **CONVERSIONS.**

6 (a) IN GENERAL.—Section 1033 of the Internal Rev-
7 enue Code of 1986 (relating to involuntary conversions)
8 is amended by redesignating subsection (h) as subsection
9 (i) and by inserting after subsection (g) the following new
10 subsection:

1 “(h) SPECIAL RULES FOR PRINCIPAL RESIDENCES
2 DAMAGED BY PRESIDENTIALLY DECLARED DISAS-
3 TERS.—

4 “(1) IN GENERAL.—If the taxpayer’s principal
5 residence or any of its contents is compulsorily or in-
6 voluntarily converted as a result of a Presidentially
7 declared disaster—

8 “(A) TREATMENT OF INSURANCE PRO-
9 CEEDS.—

10 “(i) EXCLUSION FOR UNSCHEDULED
11 PERSONAL PROPERTY.—No gain shall be
12 recognized by reason of the receipt of any
13 insurance proceeds for personal property
14 which was part of such contents and which
15 was not scheduled property for purposes of
16 such insurance.

17 “(ii) OTHER PROCEEDS TREATED AS
18 COMMON FUND.—In case of any insurance
19 proceeds (not described in clause (i)) for
20 such residence or contents—

21 “(I) such proceeds shall be treat-
22 ed as received for the conversion of a
23 single item of property, and

24 “(II) any property which is simi-
25 lar or related in service or use to the

1 residence so converted (or contents
2 thereof) shall be treated for purposes
3 of subsection (a)(2) as property simi-
4 lar or related in service or use to such
5 single item of property.

6 “(B) EXTENSION OF REPLACEMENT PE-
7 RIOD.—Subsection (a)(2)(B) shall be applied
8 with respect to any property so converted by
9 substituting ‘4 years’ for ‘2 years’.

10 “(2) PRESIDENTIALLY DECLARED DISASTER.—
11 For purposes of this subsection, the term ‘Presi-
12 dentially declared disaster’ means any disaster
13 which, with respect to the area in which the resi-
14 dence is located, resulted in a subsequent determina-
15 tion by the President that such area warrants assist-
16 ance by the Federal Government under the Robert
17 T. Stafford Disaster Relief and Emergency Assist-
18 ant Act.

19 “(3) PRINCIPAL RESIDENCE.—For purposes of
20 this subsection, the term ‘principal residence’ has
21 the same meaning as when used in section 1034,
22 except that no ownership requirement shall be
23 imposed.”.

24 (b) EFFECTIVE DATE.—The amendment made by
25 subsection (a) shall apply to property compulsorily or in-

1 voluntarily converted as a result of disasters for which the
2 determination referred to in section 1033(h)(2) of the In-
3 ternal Revenue Code of 1986 (as added by this section)
4 is made on or after September 1, 1991, and to taxable
5 years ending on or after such date.

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