

103^D CONGRESS
1ST SESSION

S. 894

To amend the Internal Revenue Code of 1986 to deny the benefits of certain export subsidies in the case of exports of certain unprocessed timber.

IN THE SENATE OF THE UNITED STATES

MAY 5 (legislative day, APRIL 19), 1993

Mr. BAUCUS 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 deny the benefits of certain export subsidies in the case of exports of certain unprocessed timber.

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. DENIAL OF CERTAIN EXPORT SUBSIDIES.**

4 (a) FOREIGN SALES CORPORATIONS.—Paragraph (2)
5 of section 927(a) of the Internal Revenue Code of 1986
6 (relating to exclusion of certain property) is amended by
7 striking “or” at the end of subparagraph (C), by striking
8 the period at the end of subparagraph (D) and inserting
9 “, or”, and by adding at the end thereof the following:

1 “(E) any unprocessed timber which is a
2 softwood.

3 For purposes of subparagraph (E), the term ‘un-
4 processed timber’ means any log, cant, or similar
5 form of timber.”.

6 (b) DOMESTIC INTERNATIONAL SALES CORPORA-
7 TIONS.—Paragraph (2) of section 993(c) of such Code (re-
8 lating to exclusion of certain property) is amended by
9 striking “or” at the end of subparagraph (C), by striking
10 the period at the end of subparagraph (D) and inserting
11 “, or”, and by adding after subparagraph (D) the
12 following:

13 “(E) any unprocessed timber which is a
14 softwood.

15 For purposes of subparagraph (E), the term ‘un-
16 processed timber’ means any log, cant, or similar
17 form of timber.”.

18 (c) TITLE-PASSAGE RULE.—Subsection (b) of section
19 865 of such Code (relating to source rules for personal
20 property sales) is amended by adding at the end thereof
21 the following: “Notwithstanding the preceding sentence,
22 any income from the sale of any unprocessed timber which
23 is a softwood and was cut from an area in the United
24 States shall be sourced in the United States and the rules
25 of sections 862(a)(6) and 863(b) shall not apply to any

1 such income. For purposes of the preceding sentence, the
2 term ‘unprocessed timber’ means any log, cant, or similar
3 form of timber.’’.

4 (d) ELIMINATION OF DEFERRAL.—Subsection (d) of
5 section 954 of such Code is amended by adding at the
6 end thereof the following new paragraph:

7 “(4) SPECIAL RULE FOR CERTAIN TIMBER
8 PRODUCTS.—For purposes of subsection (a)(2), the
9 term ‘foreign base company sales income’ includes
10 any income (whether in the form of profits, commis-
11 sions, fees, or otherwise) derived in connection
12 with—

13 “(A) the sale of any unprocessed timber
14 referred to in section 865(b), or

15 “(B) the milling of any such timber out-
16 side the United States.

17 Subpart G shall not apply to any amount treated as
18 subpart F income by reason of this paragraph.’’.

19 (e) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to sales, exchanges, or other dis-
21 positions after the date of the enactment of this Act.

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