

104TH CONGRESS
2D SESSION

H. R. 3605

To amend the Internal Revenue Code of 1986 to clarify the exemption from tax for State funds providing coverage for losses on property arising from earthquakes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 1996

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

A BILL

To amend the Internal Revenue Code of 1986 to clarify the exemption from tax for State funds providing coverage for losses on property arising from earthquakes.

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. CLARIFICATION OF EXEMPTION FROM TAX FOR**
4 **STATE FUNDS PROVIDING COVERAGE FOR**
5 **LOSSES ON PROPERTY ARISING FROM**
6 **EARTHQUAKES.**

7 (a) IN GENERAL.—Subsection (c) of section 501 of
8 the Internal Revenue Code of 1986 (relating to exemption

1 from tax on corporations, certain trusts, etc.) is amended
2 by adding at the end the following new paragraph:

3 “(26) Any organization or fund—

4 “(A) which is established by a State solely
5 to provide coverage on a not-for-profit basis for
6 losses arising from earthquakes on property lo-
7 cated within such State, and

8 “(B) no part of the net earnings of which
9 inures to the benefit of any private shareholder
10 or individual.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 subsection (a) shall apply to taxable years ending after
13 the date of the enactment of this Act.

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