

Union Calendar No. 459

105<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 4738**

[Report No. 105-817]

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## **A BILL**

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions, provide tax relief for farmers and small businesses, and for other purposes.

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OCTOBER 12, 1998

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 8, 1998

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

OCTOBER 12, 1998

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on October 8, 1998]

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## A BILL

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions, provide tax relief for farmers and small businesses, 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,*

1 **SECTION 1. AMENDMENT OF 1986 CODE; TABLE OF CON-**  
 2 **TENTS.**

3 (a) *AMENDMENT OF 1986 CODE.—Except as otherwise*  
 4 *expressly provided, whenever in this Act an amendment or*  
 5 *repeal is expressed in terms of an amendment to, or repeal*  
 6 *of, a section or other provision, the reference shall be consid-*  
 7 *ered to be made to a section or other provision of the Inter-*  
 8 *nal Revenue Code of 1986.*

9 (b) *TABLE OF CONTENTS.—*

*Sec. 1. Amendment of 1986 Code; table of contents.*

*TITLE I—EXTENSION AND MODIFICATION OF CERTAIN EXPIRING  
 PROVISIONS*

*Subtitle A—Tax Provisions*

*Sec. 101. Research credit.*

*Sec. 102. Work opportunity credit.*

*Sec. 103. Income averaging for farmers made permanent.*

*Sec. 104. Contributions of stock to private foundations; expanded public inspec-*  
*tion of private foundations' annual returns.*

*Sec. 105. Subpart F exemption for active financing income.*

*Sec. 106. Disclosure of return information on income contingent student loans.*

*Subtitle B—Generalized System of Preferences*

*Sec. 111. Extension of Generalized System of Preferences.*

*TITLE II—OTHER PROVISIONS*

*Sec. 201. Depreciation study.*

*Sec. 202. Production flexibility contract payments.*

*Sec. 203. 100 percent deduction for health insurance costs of self-employed indi-*  
*viduals.*

*Sec. 204. Increase in volume cap on private activity bonds.*

*Sec. 205. Modification of estimated tax safe harbors.*

*Sec. 206. Exemption for students employed by State schools, colleges, or univer-*  
*sities.*

*TITLE III—REVENUE OFFSETS*

*Sec. 301. Treatment of certain deductible liquidating distributions of regulated*  
*investment companies and real estate investment trusts.*

*Sec. 302. Inclusion of rotavirus gastroenteritis as a taxable vaccine.*

*Sec. 303. Clarification and expansion of mathematical error assessment proce-*  
*dures.*

*Sec. 304. Clarification of definition of specified liability loss.*

## TITLE IV—TECHNICAL CORRECTIONS

Sec. 401. Definitions; coordination with other titles.

Sec. 402. Amendments related to Internal Revenue Service Restructuring and Reform Act of 1998.

Sec. 403. Amendments related to Taxpayer Relief Act of 1997.

Sec. 404. Amendments related to Tax Reform Act of 1984.

Sec. 405. Other amendments.

1 **TITLE I—EXTENSION AND MODI-**  
 2 **FICATION OF CERTAIN EXPIR-**  
 3 **ING PROVISIONS**

4 **Subtitle A—Tax Provisions**

5 **SEC. 101. RESEARCH CREDIT.**

6 (a) *TEMPORARY EXTENSION.*—Paragraph (1) of sec-  
 7 tion 41(h) (relating to termination) is amended—

8 (1) by striking “June 30, 1998” and inserting  
 9 “December 31, 1999”;

10 (2) by striking “24-month” and inserting “42-  
 11 month”; and

12 (3) by striking “24 months” and inserting “42  
 13 months”.

14 (b) *TECHNICAL AMENDMENT.*—Subparagraph (D) of  
 15 section 45C(b)(1) is amended by striking “June 30, 1998”  
 16 and inserting “December 31, 1999”.

17 (c) *EFFECTIVE DATE.*—The amendments made by this  
 18 section shall apply to amounts paid or incurred after June  
 19 30, 1998.

20 **SEC. 102. WORK OPPORTUNITY CREDIT.**

21 (a) *TEMPORARY EXTENSION.*—Subparagraph (B) of  
 22 section 51(c)(4) (relating to termination) is amended by

1 *striking “June 30, 1998” and inserting “December 31,*  
2 *1999”.*

3 *(b) EFFECTIVE DATE.—The amendment made by this*  
4 *section shall apply to individuals who begin work for the*  
5 *employer after June 30, 1998.*

6 **SEC. 103. INCOME AVERAGING FOR FARMERS MADE PERMA-**  
7 **NENT.**

8 *Subsection (c) of section 933 of the Taxpayer Relief*  
9 *Act of 1997 is amended by striking “, and before January*  
10 *1, 2001”.*

11 **SEC. 104. CONTRIBUTIONS OF STOCK TO PRIVATE FOUNDA-**  
12 **TIONS; EXPANDED PUBLIC INSPECTION OF**  
13 **PRIVATE FOUNDATIONS’ ANNUAL RETURNS.**

14 *(a) SPECIAL RULE FOR CONTRIBUTIONS OF STOCK*  
15 *MADE PERMANENT.—*

16 *(1) IN GENERAL.—Paragraph (5) of section*  
17 *170(e) is amended by striking subparagraph (D) (re-*  
18 *lating to termination).*

19 *(2) EFFECTIVE DATE.—The amendment made by*  
20 *paragraph (1) shall apply to contributions made after*  
21 *June 30, 1998.*

22 *(b) EXPANDED PUBLIC INSPECTION OF PRIVATE*  
23 *FOUNDATIONS’ ANNUAL RETURNS, ETC.—*

24 *(1) IN GENERAL.—Section 6104 (relating to pub-*  
25 *licity of information required from certain exempt or-*

1        *ganizations and certain trusts) is amended by strik-*  
2        *ing subsections (d) and (e) and inserting after sub-*  
3        *section (c) the following new subsection:*

4        *“(d) PUBLIC INSPECTION OF CERTAIN ANNUAL RE-*  
5        *TURNS AND APPLICATIONS FOR EXEMPTION.—*

6                *“(1) IN GENERAL.—In the case of an organiza-*  
7        *tion described in subsection (c) or (d) of section 501*  
8        *and exempt from taxation under section 501(a)—*

9                *“(A) a copy of—*

10                        *“(i) the annual return filed under sec-*  
11                        *tion 6033 (relating to returns by exempt or-*  
12                        *ganizations) by such organization; and*

13                        *“(ii) if the organization filed an appli-*  
14                        *cation for recognition of exemption under*  
15                        *section 501, the exempt status application*  
16                        *materials of such organization,*

17                        *shall be made available by such organization for*  
18                        *inspection during regular business hours by any*  
19                        *individual at the principal office of such organi-*  
20                        *zation and, if such organization regularly main-*  
21                        *tains 1 or more regional or district offices hav-*  
22                        *ing 3 or more employees, at each such regional*  
23                        *or district office; and*

24                        *“(B) upon request of an individual made at*  
25                        *such principal office or such a regional or dis-*

1            *strict office, a copy of such annual return and ex-*  
2            *empt status application materials shall be pro-*  
3            *vided to such individual without charge other*  
4            *than a reasonable fee for any reproduction and*  
5            *mailing costs.*

6            *The request described in subparagraph (B) must be*  
7            *made in person or in writing. If such request is made*  
8            *in person, such copy shall be provided immediately*  
9            *and, if made in writing, shall be provided within 30*  
10           *days.*

11           *“(2) 3-YEAR LIMITATION ON INSPECTION OF RE-*  
12           *TURNS.—Paragraph (1) shall apply to an annual re-*  
13           *turn filed under section 6033 only during the 3-year*  
14           *period beginning on the last day prescribed for filing*  
15           *such return (determined with regard to any extension*  
16           *of time for filing).*

17           *“(3) EXCEPTIONS FROM DISCLOSURE REQUIRE-*  
18           *MENT.—*

19           *“(A) NONDISCLOSURE OF CONTRIBUTORS,*  
20           *ETC.—Paragraph (1) shall not require the disclo-*  
21           *sure of the name or address of any contributor*  
22           *to the organization. In the case of an organiza-*  
23           *tion described in section 501(d), paragraph (1)*  
24           *shall not require the disclosure of the copies re-*

1           *ferred to in section 6031(b) with respect to such*  
2           *organization.*

3           “(B) *NONDISCLOSURE OF CERTAIN OTHER*  
4           *INFORMATION.—Paragraph (1) shall not require*  
5           *the disclosure of any information if the Secretary*  
6           *withheld such information from public inspec-*  
7           *tion under subsection (a)(1)(D).*

8           “(4) *LIMITATION ON PROVIDING COPIES.—Para-*  
9           *graph (1)(B) shall not apply to any request if, in ac-*  
10          *cordance with regulations promulgated by the Sec-*  
11          *retary, the organization has made the requested docu-*  
12          *ments widely available, or the Secretary determines,*  
13          *upon application by an organization, that such re-*  
14          *quest is part of a harassment campaign and that*  
15          *compliance with such request is not in the public in-*  
16          *terest.*

17          “(5) *EXEMPT STATUS APPLICATION MATE-*  
18          *RIALS.—For purposes of paragraph (1), the term ‘ex-*  
19          *empt status applicable materials’ means the applica-*  
20          *tion for recognition of exemption under section 501*  
21          *and any papers submitted in support of such applica-*  
22          *tion and any letter or other document issued by the*  
23          *Internal Revenue Service with respect to such appli-*  
24          *cation.”.*

25          (2) *CONFORMING AMENDMENTS.—*



1           (A) Subsection (c) of section 6033 is amend-  
2           ed by adding “and” at the end of paragraph (1),  
3           by striking paragraph (2), and by redesignating  
4           paragraph (3) as paragraph (2).

5           (B) Subparagraph (C) of section 6652(c)(1)  
6           is amended by striking “subsection (d) or (e)(1)  
7           of section 6104 (relating to public inspection of  
8           annual returns)” and inserting “section 6104(d)  
9           with respect to any annual return”.

10          (C) Subparagraph (D) of section 6652(c)(1)  
11          is amended by striking “section 6104(e)(2) (re-  
12          lating to public inspection of applications for ex-  
13          emption)” and inserting “section 6104(d) with  
14          respect to any exempt status application mate-  
15          rials (as defined in such section)”.

16          (D) Section 6685 is amended by striking  
17          “or (e)”.

18          (E) Section 7207 is amended by striking  
19          “or (e)”.

20          (3) *EFFECTIVE DATE.*—

21               (A) *IN GENERAL.*—*Except as provided in*  
22               *subparagraph (B), the amendments made by this*  
23               *subsection shall apply to requests made after the*  
24               *later of December 31, 1998, or the 60th day after*  
25               *the Secretary of the Treasury first issues the reg-*

1            *ulations referred to in such section 6104(d)(4) of*  
 2            *the Internal Revenue Code of 1986, as amended*  
 3            *by this section.*

4            *(B) PUBLICATION OF ANNUAL RETURNS.—*  
 5            *Section 6104(d) of such Code, as in effect before*  
 6            *the amendments made by this subsection, shall*  
 7            *not apply to any return the due date for which*  
 8            *is after the date such amendments take effect*  
 9            *under subparagraph (A).*

10 **SEC. 105. SUBPART F EXEMPTION FOR ACTIVE FINANCING**  
 11 **INCOME.**

12            *(a) INCOME DERIVED FROM BANKING, FINANCING, OR*  
 13 *SIMILAR BUSINESSES.—Section 954(h) (relating to income*  
 14 *derived in the active conduct of banking, financing, or simi-*  
 15 *lar businesses) is amended to read as follows:*

16            *“(h) SPECIAL RULE FOR INCOME DERIVED IN THE AC-*  
 17 *TIVE CONDUCT OF BANKING, FINANCING, OR SIMILAR BUSI-*  
 18 *NESSES.—*

19            *“(1) IN GENERAL.—For purposes of subsection*  
 20 *(c)(1), foreign personal holding company income shall*  
 21 *not include qualified banking or financing income of*  
 22 *an eligible controlled foreign corporation.*

23            *“(2) ELIGIBLE CONTROLLED FOREIGN CORPORA-*  
 24 *TION.—For purposes of this subsection—*

1           “(A) *IN GENERAL.*—The term ‘eligible controlled foreign corporation’ means a controlled foreign corporation which—

2                           “(i) is predominantly engaged in the active conduct of a banking, financing, or similar business, and

3                           “(ii) conducts substantial activity with respect to such business.

4           “(B) *PREDOMINANTLY ENGAGED.*—A controlled foreign corporation shall be treated as predominantly engaged in the active conduct of a banking, financing, or similar business if—

5                           “(i) more than 70 percent of the gross income of the controlled foreign corporation is derived directly from the active and regular conduct of a lending or finance business from transactions with customers which are not related persons,

6                           “(ii) it is engaged in the active conduct of a banking business and is an institution licensed to do business as a bank in the United States (or is any other corporation not so licensed which is specified by the Secretary in regulations), or

1           “(iii) it is engaged in the active con-  
2           duct of a securities business and is reg-  
3           istered as a securities broker or dealer under  
4           section 15(a) of the Securities Exchange Act  
5           of 1934 or is registered as a Government se-  
6           curities broker or dealer under section  
7           15C(a) of such Act (or is any other corpora-  
8           tion not so registered which is specified by  
9           the Secretary in regulations).

10           “(3) QUALIFIED BANKING OR FINANCING IN-  
11           COME.—For purposes of this subsection—

12           “(A) IN GENERAL.—The term ‘qualified  
13           banking or financing income’ means income of  
14           an eligible controlled foreign corporation  
15           which—

16           “(i) is derived in the active conduct of  
17           a banking, financing, or similar business  
18           by—

19           “(I) such eligible controlled for-  
20           eign corporation, or

21           “(II) a qualified business unit of  
22           such eligible controlled foreign corpora-  
23           tion;

24           “(ii) is derived from one or more  
25           transactions—

1                   “(I) with customers located in a  
2                   country other than the United States,  
3                   and

4                   “(II) substantially all of the ac-  
5                   tivities in connection with which are  
6                   conducted directly by the corporation  
7                   or unit in its home country; and

8                   “(iii) is treated as earned by such cor-  
9                   poration or unit in its home country for  
10                  purposes of such country’s tax laws.

11                  “(B) *LIMITATION ON NONBANKING AND NON-*  
12                  *SECURITIES BUSINESSES.*—No income of an eli-  
13                  gible controlled foreign corporation not described  
14                  in clause (ii) or (iii) of paragraph (2)(B) (or of  
15                  a qualified business unit of such corporation)  
16                  shall be treated as qualified banking or financing  
17                  income unless more than 30 percent of such cor-  
18                  poration’s or unit’s gross income is derived di-  
19                  rectly from the active and regular conduct of a  
20                  lending or finance business from transactions  
21                  with customers which are not related persons  
22                  and which are located within such corporation’s  
23                  or unit’s home country.

24                  “(C) *SUBSTANTIAL ACTIVITY REQUIREMENT*  
25                  *FOR CROSS BORDER INCOME.*—The term ‘quali-

1 *fied banking or financing income’ shall not in-*  
2 *clude income derived from 1 or more trans-*  
3 *actions with customers located in a country other*  
4 *than the home country of the eligible controlled*  
5 *foreign corporation or a qualified business unit*  
6 *of such corporation unless such corporation or*  
7 *unit conducts substantial activity with respect to*  
8 *a banking, financing, or similar business in its*  
9 *home country.*

10 “(D) DETERMINATIONS MADE SEPA-  
11 RATELY.—For purposes of this paragraph, the  
12 qualified banking or financing income of an eli-  
13 gible controlled foreign corporation and each  
14 qualified business unit of such corporation shall  
15 be determined separately for such corporation  
16 and each such unit by taking into account—

17 “(i) in the case of the eligible controlled  
18 foreign corporation, only items of income,  
19 deduction, gain, or loss and activities of  
20 such corporation not properly allocable or  
21 attributable to any qualified business unit  
22 of such corporation; and

23 “(ii) in the case of a qualified business  
24 unit, only items of income, deduction, gain,

1                    *or loss and activities properly allocable or*  
2                    *attributable to such unit.*

3                    “(4) *LENDING OR FINANCE BUSINESS.*—*For pur-*  
4                    *poses of this subsection, the term ‘lending or finance*  
5                    *business’ means the business of—*

6                    “(A) *making loans;*

7                    “(B) *purchasing or discounting accounts re-*  
8                    *ceivable, notes, or installment obligations;*

9                    “(C) *engaging in leasing (including enter-*  
10                    *ing into leases and purchasing, servicing, and*  
11                    *disposing of leases and leased assets);*

12                    “(D) *issuing letters of credit or providing*  
13                    *guarantees;*

14                    “(E) *providing charge and credit card serv-*  
15                    *ices; or*

16                    “(F) *rendering services or making facilities*  
17                    *available in connection with activities described*  
18                    *in subparagraphs (A) through (E) carried on*  
19                    *by—*

20                    “(i) *the corporation (or qualified busi-*  
21                    *ness unit) rendering services or making fa-*  
22                    *ilities available; or*

23                    “(ii) *another corporation (or qualified*  
24                    *business unit of a corporation) which is a*  
25                    *member of the same affiliated group (as de-*

1           *fined in section 1504, but determined with-*  
2           *out regard to section 1504(b)(3)).*

3           “(5) *OTHER DEFINITIONS.—For purposes of this*  
4           *subsection—*

5           “(A) *CUSTOMER.—The term ‘customer’*  
6           *means, with respect to any controlled foreign*  
7           *corporation or qualified business unit, any per-*  
8           *son which has a customer relationship with such*  
9           *corporation or unit and which is acting in its*  
10           *capacity as such.*

11           “(B) *HOME COUNTRY.—Except as provided*  
12           *in regulations—*

13           “(i) *CONTROLLED FOREIGN CORPORA-*  
14           *TION.—The term ‘home country’ means,*  
15           *with respect to any controlled foreign cor-*  
16           *poration, the country under the laws of*  
17           *which the corporation was created or orga-*  
18           *nized.*

19           “(ii) *QUALIFIED BUSINESS UNIT.—The*  
20           *term ‘home country’ means, with respect to*  
21           *any qualified business unit, the country in*  
22           *which such unit maintains its principal of-*  
23           *fice.*



1           “(C) *LOCATED*.—The determination of  
2           where a customer is located shall be made under  
3           rules prescribed by the Secretary.

4           “(D) *QUALIFIED BUSINESS UNIT*.—The  
5           term ‘qualified business unit’ has the meaning  
6           given such term by section 989(a).

7           “(E) *RELATED PERSON*.—The term ‘related  
8           person’ has the meaning given such term by sub-  
9           section (d)(3).

10          “(6) *COORDINATION WITH EXCEPTION FOR DEAL-*  
11          *ERS*.—Paragraph (1) shall not apply to income de-  
12          scribed in subsection (c)(2)(C)(ii) of a dealer in secu-  
13          rities (within the meaning of section 475) which is an  
14          eligible controlled foreign corporation described in  
15          paragraph (2)(B)(iii).

16          “(7) *ANTI-ABUSE RULES*.—For purposes of ap-  
17          plying this subsection and subsection (c)(2)(C)(ii)—

18                 “(A) there shall be disregarded any item of  
19                 income, gain, loss, or deduction with respect to  
20                 any transaction or series of transactions one of  
21                 the principal purposes of which is qualifying in-  
22                 come or gain for the exclusion under this section,  
23                 including any transaction or series of trans-  
24                 actions a principal purpose of which is the accel-  
25                 eration or deferral of any item in order to claim

1           *the benefits of such exclusion through the appli-*  
2           *cation of this subsection;*

3           “(B) *there shall be disregarded any item of*  
4           *income, gain, loss, or deduction of an entity*  
5           *which is not engaged in regular and continuous*  
6           *transactions with customers which are not relat-*  
7           *ed persons;*

8           “(C) *there shall be disregarded any item of*  
9           *income, gain, loss, or deduction with respect to*  
10          *any transaction or series of transactions utiliz-*  
11          *ing, or doing business with—*

12                  “(i) *one or more entities in order to*  
13                  *satisfy any home country requirement*  
14                  *under this subsection, or*

15                  “(ii) *a special purpose entity or ar-*  
16                  *rangement, including a securitization, fi-*  
17                  *nancing, or similar entity or arrangement,*  
18                  *if one of the principal purposes of such trans-*  
19                  *action or series of transactions is qualifying in-*  
20                  *come or gain for the exclusion under this sub-*  
21                  *section; and*

22                  “(D) *a related person, an officer, a director,*  
23                  *or an employee with respect to any controlled*  
24                  *foreign corporation (or qualified business unit)*  
25                  *which would otherwise be treated as a customer*

1           *of such corporation or unit with respect to any*  
 2           *transaction shall not be so treated if a principal*  
 3           *purpose of such transaction is to satisfy any re-*  
 4           *quirement of this subsection.*

5           “(8) *REGULATIONS.*—*The Secretary shall pre-*  
 6           *scribe such regulations as may be necessary or appro-*  
 7           *priate to carry out the purposes of this subsection,*  
 8           *subsection (c)(1)(B)(i), subsection (c)(2)(C)(ii), and*  
 9           *the last sentence of subsection (e)(2).*

10           “(9) *APPLICATION.*—*This subsection, subsection*  
 11           *(c)(2)(C)(ii), and the last sentence of subsection (e)(2)*  
 12           *shall apply only to the first taxable year of a foreign*  
 13           *corporation beginning after December 31, 1998, and*  
 14           *before January 1, 2000, and to taxable years of*  
 15           *United States shareholders with or within which such*  
 16           *taxable year of such foreign corporation ends.”.*

17           **(b) INCOME DERIVED FROM INSURANCE BUSINESS.**—

18           **(1) INCOME ATTRIBUTABLE TO ISSUANCE OR RE-**  
 19           **INSURANCE.**—

20           **(A) IN GENERAL.**—*Section 953(a) (defining*  
 21           *insurance income) is amended to read as follows:*

22           “(a) *INSURANCE INCOME.*—

23           “(1) *IN GENERAL.*—*For purposes of section*  
 24           *952(a)(1), the term ‘insurance income’ means any in-*  
 25           *come which—*

1           “(A) is attributable to the issuing (or rein-  
2           suring) of an insurance or annuity contract; and

3           “(B) would (subject to the modifications  
4           provided by subsection (b)) be taxed under sub-  
5           chapter L of this chapter if such income were the  
6           income of a domestic insurance company.

7           “(2) *EXCEPTION.*—Such term shall not include  
8           any exempt insurance income (as defined in sub-  
9           section (e)).”.

10           (B) *EXEMPT INSURANCE INCOME.*—Section  
11           953 (relating to insurance income) is amended  
12           by adding at the end the following new sub-  
13           section:

14           “(e) *EXEMPT INSURANCE INCOME.*—For purposes of  
15           this section—

16           “(1) *EXEMPT INSURANCE INCOME DEFINED.*—

17           “(A) *IN GENERAL.*—The term ‘exempt in-  
18           surance income’ means income derived by a  
19           qualifying insurance company which—

20           “(i) is attributable to the issuing (or  
21           reinsuring) of an exempt contract by such  
22           company or a qualifying insurance com-  
23           pany branch of such company; and

1                   “(i) is treated as earned by such com-  
2                   pany or branch in its home country for  
3                   purposes of such country’s tax laws.

4                   “(B) *EXCEPTION FOR CERTAIN ARRANGE-*  
5                   *MENTS.—Such term shall not include income at-*  
6                   *tributable to the issuing (or reinsuring) of an ex-*  
7                   *empt contract as the result of any arrangement*  
8                   *whereby another corporation receives a substan-*  
9                   *tially equal amount of premiums or other con-*  
10                   *sideration in respect of issuing (or reinsuring) a*  
11                   *contract which is not an exempt contract.*

12                   “(C) *DETERMINATIONS MADE SEPA-*  
13                   *RATELY.—For purposes of this subsection and*  
14                   *section 954(i), the exempt insurance income and*  
15                   *exempt contracts of a qualifying insurance com-*  
16                   *pany or any qualifying insurance company*  
17                   *branch of such company shall be determined sep-*  
18                   *arately for such company and each such branch*  
19                   *by taking into account—*

20                   “(i) in the case of the qualifying insur-  
21                   ance company, only items of income, deduc-  
22                   tion, gain, or loss, and activities of such  
23                   company not properly allocable or attrib-  
24                   utable to any qualifying insurance com-  
25                   pany branch of such company; and

1           “(ii) in the case of a qualifying insur-  
2           ance company branch, only items of income,  
3           deduction, gain, or loss and activities prop-  
4           erly allocable or attributable to such unit.

5           “(2) EXEMPT CONTRACT.—

6           “(A) IN GENERAL.—The term ‘exempt con-  
7           tract’ means an insurance or annuity contract  
8           issued or reinsured by a qualifying insurance  
9           company or qualifying insurance company  
10          branch in connection with property in, liability  
11          arising out of activity in, or the lives or health  
12          of residents of, a country other than the United  
13          States.

14          “(B) MINIMUM HOME COUNTRY INCOME RE-  
15          QUIRED.—

16          “(i) IN GENERAL.—No contract of a  
17          qualifying insurance company or of a  
18          qualifying insurance company branch shall  
19          be treated as an exempt contract unless such  
20          company or branch derives more than 30  
21          percent of its net written premiums from  
22          exempt contracts (determined without re-  
23          gard to this subparagraph)—

24                  “(I) which cover applicable home  
25                  country risks; and

1                   “(II) *with respect to which no*  
2                   *policyholder, insured, annuitant, or*  
3                   *beneficiary is a related person (as de-*  
4                   *fined in section 954(d)(3)).*

5                   “(ii) *APPLICABLE HOME COUNTRY*  
6                   *RISKS.—The term ‘applicable home country*  
7                   *risks’ means risks in connection with prop-*  
8                   *erty in, liability arising out of activity in,*  
9                   *or the lives or health of residents of, the*  
10                   *home country of the qualifying insurance*  
11                   *company or qualifying insurance company*  
12                   *branch, as the case may be, issuing or rein-*  
13                   *sureing the contract covering the risks.*

14                   “(C) *SUBSTANTIAL ACTIVITY REQUIRE-*  
15                   *MENTS FOR CROSS BORDER RISKS.—A contract*  
16                   *issued by a qualifying insurance company or*  
17                   *qualifying insurance company branch which cov-*  
18                   *ers risks other than applicable home country*  
19                   *risks (as defined in subparagraph (B)(ii)) shall*  
20                   *not be treated as an exempt contract unless such*  
21                   *company or branch, as the case may be—*

22                   *“(i) conducts substantial activity with*  
23                   *respect to an insurance business in its home*  
24                   *country; and*

1                   “(i) performs in its home country sub-  
2                   stantially all of the activities necessary to  
3                   give rise to the income generated by such  
4                   contract.

5                   “(3) QUALIFYING INSURANCE COMPANY.—The  
6                   term ‘qualifying insurance company’ means any con-  
7                   trolled foreign corporation which—

8                   “(A) is subject to regulation as an insur-  
9                   ance (or reinsurance) company by its home  
10                  country, and is licensed, authorized, or regulated  
11                  by the applicable insurance regulatory body for  
12                  its home country to sell insurance, reinsurance,  
13                  or annuity contracts to persons other than relat-  
14                  ed persons (within the meaning of section  
15                  954(d)(3)) in such home country;

16                  “(B) derives more than 50 percent of its ag-  
17                  gregate net written premiums from the issuance  
18                  or reinsurance by such controlled foreign cor-  
19                  poration and each of its qualifying insurance  
20                  company branches of contracts—

21                  “(i) covering applicable home country  
22                  risks (as defined in paragraph (2)) of such  
23                  corporation or branch, as the case may be;  
24                  and



1           “(ii) with respect to which no policy-  
2           holder, insured, annuitant, or beneficiary is  
3           a related person (as defined in section  
4           954(d)(3));

5           except that in the case of a branch, such pre-  
6           miums shall only be taken into account to the ex-  
7           tent such premiums are treated as earned by  
8           such branch in its home country for purposes of  
9           such country’s tax laws; and

10           “(C) is engaged in the insurance business  
11           and would be subject to tax under subchapter L  
12           if it were a domestic corporation.

13           “(4)    QUALIFYING    INSURANCE    COMPANY  
14           BRANCH.—The term ‘qualifying insurance company  
15           branch’ means a qualified business unit (within the  
16           meaning of section 989(a)) of a controlled foreign cor-  
17           poration if—

18           “(A) such unit is licensed, authorized, or  
19           regulated by the applicable insurance regulatory  
20           body for its home country to sell insurance, rein-  
21           surance, or annuity contracts to persons other  
22           than related persons (within the meaning of sec-  
23           tion 954(d)(3)) in such home country; and

24           “(B) such controlled foreign corporation is  
25           a qualifying insurance company, determined

1           under paragraph (3) as if such unit were a  
2           qualifying insurance company branch.

3           “(5) *LIFE INSURANCE OR ANNUITY CONTRACT.*—  
4           For purposes of this section and section 954, the de-  
5           termination of whether a contract issued by a con-  
6           trolled foreign corporation or a qualified business  
7           unit (within the meaning of section 989(a)) is a life  
8           insurance contract or an annuity contract shall be  
9           made without regard to sections 72(s), 101(f), 817(h),  
10          and 7702 if—

11                   “(A) such contract is regulated as a life in-  
12                   surance or annuity contract by the corporation’s  
13                   or unit’s home country; and

14                   “(B) no policyholder, insured, annuitant, or  
15                   beneficiary with respect to the contract is a  
16                   United States person.

17           “(6) *HOME COUNTRY.*—For purposes of this sub-  
18          section, except as provided in regulations—

19                   “(A) *CONTROLLED FOREIGN CORPORA-*  
20                   *TION.*—The term ‘home country’ means, with re-  
21                   spect to a controlled foreign corporation, the  
22                   country in which such corporation is created or  
23                   organized.

24                   “(B) *QUALIFIED BUSINESS UNIT.*—The  
25                   term ‘home country’ means, with respect to a

1           *qualified business unit (as defined in section*  
2           *989(a)), the country in which the principal office*  
3           *of such unit is located and in which such unit*  
4           *is licensed, authorized, or regulated by the appli-*  
5           *cable insurance regulatory body to sell insurance,*  
6           *reinsurance, or annuity contracts to persons*  
7           *other than related persons (as defined in section*  
8           *954(d)(3)) in such country.*

9           “(7) *ANTI-ABUSE RULES.*—*For purposes of ap-*  
10          *plying this subsection and section 954(i)—*

11                 “(A) *the rules of section 954(h)(7) (other*  
12                 *than subparagraph (B) thereof) shall apply;*

13                 “(B) *there shall be disregarded any item of*  
14                 *income, gain, loss, or deduction of, or derived*  
15                 *from, an entity which is not engaged in regular*  
16                 *and continuous transactions with persons which*  
17                 *are not related persons;*

18                 “(C) *there shall be disregarded any change*  
19                 *in the method of computing reserves a principal*  
20                 *purpose of which is the acceleration or deferral*  
21                 *of any item in order to claim the benefits of this*  
22                 *subsection or section 954(i);*

23                 “(D) *a contract of insurance or reinsurance*  
24                 *shall not be treated as an exempt contract (and*  
25                 *premiums from such contract shall not be taken*

1           *into account for purposes of paragraph (2)(B) or*  
2           *(3) if—*

3                   “(i) *any policyholder, insured, annu-*  
4                   *itant, or beneficiary is a resident of the*  
5                   *United States and such contract was mar-*  
6                   *keted to such resident and was written to*  
7                   *cover a risk outside the United States; or*

8                   “(ii) *the contract covers risks located*  
9                   *within and without the United States and*  
10                   *the qualifying insurance company or quali-*  
11                   *fying insurance company branch does not*  
12                   *maintain such contemporaneous records,*  
13                   *and file such reports, with respect to such*  
14                   *contract as the Secretary may require;*

15                   “(E) *the Secretary may prescribe rules for*  
16                   *the allocation of contracts (and income from con-*  
17                   *tracts) among 2 or more qualifying insurance*  
18                   *company branches of a qualifying insurance*  
19                   *company in order to clearly reflect the income of*  
20                   *such branches; and*

21                   “(F) *premiums from a contract shall not be*  
22                   *taken into account for purposes of paragraph*  
23                   *(2)(B) or (3) if such contract reinsures a con-*  
24                   *tract issued or reinsured by a related person (as*  
25                   *defined in section 954(d)(3)).*

1     *For purposes of subparagraph (D), the determination*  
2     *of where risks are located shall be made under the*  
3     *principles of section 953.*

4             “(8) *COORDINATION WITH SUBSECTION (c).*—*In*  
5     *determining insurance income for purposes of sub-*  
6     *section (c), exempt insurance income shall not include*  
7     *income derived from exempt contracts which cover*  
8     *risks other than applicable home country risks.*

9             “(9) *REGULATIONS.*—*The Secretary shall pre-*  
10    *scribe such regulations as may be necessary or appro-*  
11    *priate to carry out the purposes of this subsection and*  
12    *section 954(i).*

13            “(10) *APPLICATION.*—*This subsection and sec-*  
14    *tion 954(i) shall apply only to the first taxable year*  
15    *of a foreign corporation beginning after December 31,*  
16    *1998, and before January 1, 2000, and to taxable*  
17    *years of United States shareholders with or within*  
18    *which such taxable year of such foreign corporation*  
19    *ends.*

20            “(11) *CROSS REFERENCE.*—

**“For income exempt from foreign personal holding  
              company income, see section 954(i).”.**

21            “(2) *EXEMPTION FROM FOREIGN PERSONAL HOLD-*  
22    *ING COMPANY INCOME.*—*Section 954 (defining foreign*  
23    *base company income) is amended by adding at the*  
24    *end the following new subsection:*

1           “(i) *SPECIAL RULE FOR INCOME DERIVED IN THE AC-*  
2 *TIVE CONDUCT OF INSURANCE BUSINESS.*—

3           “(1) *IN GENERAL.*—*For purposes of subsection*  
4 *(c)(1), foreign personal holding company income shall*  
5 *not include qualified insurance income of a qualify-*  
6 *ing insurance company.*

7           “(2) *QUALIFIED INSURANCE INCOME.*—*The term*  
8 *‘qualified insurance income’ means income of a quali-*  
9 *fying insurance company which is—*

10           “(A) *received from a person other than a re-*  
11 *lated person (within the meaning of subsection*  
12 *(d)(3)) and derived from the investments made*  
13 *by a qualifying insurance company or a qualify-*  
14 *ing insurance company branch of its reserves al-*  
15 *locable to exempt contracts or of 80 percent of its*  
16 *unearned premiums from exempt contracts (as*  
17 *both are determined in the manner prescribed*  
18 *under paragraph (4)), or*

19           “(B) *received from a person other than a re-*  
20 *lated person (within the meaning of subsection*  
21 *(d)(3)) and derived from investments made by a*  
22 *qualifying insurance company or a qualifying*  
23 *insurance company branch of an amount of its*  
24 *assets allocable to exempt contracts equal to—*

1           “(i) in the case of property, casualty,  
2           or health insurance contracts, one-third of  
3           its premiums earned on such insurance con-  
4           tracts during the taxable year (as defined in  
5           section 832(b)(4)), and

6           “(ii) in the case of life insurance or  
7           annuity contracts, 10 percent of the reserves  
8           described in subparagraph (A) for such con-  
9           tracts.

10           “(3) *PRINCIPLES FOR DETERMINING INSURANCE*  
11           *INCOME.—Except as provided by the Secretary, for*  
12           *purposes of subparagraphs (A) and (B) of paragraph*  
13           *(2)—*

14           “(A) in the case of any contract which is a  
15           separate account-type contract (including any  
16           variable contract not meeting the requirements of  
17           section 817), income credited under such contract  
18           shall be allocable only to such contract, and

19           “(B) income not allocable under subpara-  
20           graph (A) shall be allocated ratably among con-  
21           tracts not described in subparagraph (A).

22           “(4) *METHODS FOR DETERMINING UNEARNED*  
23           *PREMIUMS AND RESERVES.—For purposes of para-*  
24           *graph (2)(A)—*

1           “(A) *PROPERTY AND CASUALTY CON-*  
2 *TRACTS.—The unearned premiums and reserves*  
3 *of a qualifying insurance company or a qualify-*  
4 *ing insurance company branch with respect to*  
5 *property, casualty, or health insurance contracts*  
6 *shall be determined using the same methods and*  
7 *interest rates which would be used if such com-*  
8 *pany or branch were subject to tax under sub-*  
9 *chapter L, except that—*

10                   “(i) *the interest rate determined for the*  
11 *functional currency of the company or*  
12 *branch, and which, except as provided by*  
13 *the Secretary, is calculated in the same*  
14 *manner as the Federal mid-term rate under*  
15 *section 1274(d), shall be substituted for the*  
16 *applicable Federal interest rate, and*

17                   “(ii) *such company or branch shall use*  
18 *the appropriate foreign loss payment pat-*  
19 *tern.*

20           “(B) *LIFE INSURANCE AND ANNUITY CON-*  
21 *TRACTS.—The amount of the reserve of a qualify-*  
22 *ing insurance company or qualifying insurance*  
23 *company branch for any life insurance or annu-*  
24 *ity contract shall be equal to the greater of—*



1                   “(i) the net surrender value of such  
2                   contract (as defined in section  
3                   807(e)(1)(A)), or

4                   “(ii) the reserve determined under  
5                   paragraph (5).

6                   “(C) *LIMITATION ON RESERVES.*—In no  
7                   event shall the reserve determined under this  
8                   paragraph for any contract as of any time ex-  
9                   ceed the amount which would be taken into ac-  
10                  count with respect to such contract as of such  
11                  time in determining foreign statement reserves  
12                  (less any catastrophe, deficiency, equalization, or  
13                  similar reserves).

14                  “(5) *AMOUNT OF RESERVE.*—The amount of the  
15                  reserve determined under this paragraph with respect  
16                  to any contract shall be determined in the same man-  
17                  ner as it would be determined if the qualifying insur-  
18                  ance company or qualifying insurance company  
19                  branch were subject to tax under subchapter L, except  
20                  that in applying such subchapter—

21                  “(A) the interest rate determined for the  
22                  functional currency of the company or branch,  
23                  and which, except as provided by the Secretary,  
24                  is calculated in the same manner as the Federal  
25                  mid-term rate under section 1274(d), shall be

1           *substituted for the applicable Federal interest*  
2           *rate;*

3           “(B) *the highest assumed interest rate per-*  
4           *mitted to be used in determining foreign state-*  
5           *ment reserves shall be substituted for the prevail-*  
6           *ing State assumed interest rate; and*

7           “(C) *tables for mortality and morbidity*  
8           *which reasonably reflect the current mortality*  
9           *and morbidity risks in the company’s or*  
10          *branch’s home country shall be substituted for*  
11          *the mortality and morbidity tables otherwise*  
12          *used for such subchapter.*

13          *The Secretary may provide that the interest rate and*  
14          *mortality and morbidity tables of a qualifying insur-*  
15          *ance company may be used for 1 or more of its quali-*  
16          *fying insurance company branches when appropriate.*

17          “(6) *DEFINITIONS.—For purposes of this sub-*  
18          *section, any term used in this subsection which is also*  
19          *used in section 953(e) shall have the meaning given*  
20          *such term by section 953.”.*

21          “(3) *RESERVES.—Section 953(b) is amended by*  
22          *redesignating paragraph (3) as paragraph (4) and by*  
23          *inserting after paragraph (2) the following new para-*  
24          *graph:*

1           “(3) *Reserves for any insurance or annuity con-*  
2           *tract shall be determined in the same manner as*  
3           *under section 954(i).”.*

4           (c) *SPECIAL RULES FOR DEALERS.*—Section  
5 *954(c)(2)(C) is amended to read as follows:*

6                   “(C) *EXCEPTION FOR DEALERS.*—*Except as*  
7                   *provided by regulations, in the case of a regular*  
8                   *dealer in property which is property described in*  
9                   *paragraph (1)(B), forward contracts, option con-*  
10                   *tracts, or similar financial instruments (includ-*  
11                   *ing notional principal contracts and all instru-*  
12                   *ments referenced to commodities), there shall not*  
13                   *be taken into account in computing foreign per-*  
14                   *sonal holding company income—*

15                           “(i) *any item of income, gain, deduc-*  
16                           *tion, or loss (other than any item described*  
17                           *in subparagraph (A), (E), or (G) of para-*  
18                           *graph (1)) from any transaction (including*  
19                           *hedging transactions) entered into in the or-*  
20                           *inary course of such dealer’s trade or busi-*  
21                           *ness as such a dealer; and*

22                           “(ii) *if such dealer is a dealer in secu-*  
23                           *rities (within the meaning of section 475),*  
24                           *any interest or dividend or equivalent*  
25                           *amount described in subparagraph (E) or*

1           (G) of paragraph (1) from any transaction  
2           (including any hedging transaction or  
3           transaction described in section  
4           956(c)(2)(J)) entered into in the ordinary  
5           course of such dealer's trade or business as  
6           such a dealer in securities, but only if the  
7           income from the transaction is attributable  
8           to activities of the dealer in the country  
9           under the laws of which the dealer is created  
10          or organized (or in the case of a qualified  
11          business unit described in section 989(a), is  
12          attributable to activities of the unit in the  
13          country in which the unit both maintains  
14          its principal office and conducts substantial  
15          business activity).”.

16          (d) EXEMPTION FROM FOREIGN BASE COMPANY SERV-  
17          ICES INCOME.—Paragraph (2) of section 954(e) is amended  
18          by inserting “or” at the end of subparagraph (A), by strik-  
19          ing “, or” at the end of subparagraph (B) and inserting  
20          a period, by striking subparagraph (C), and by adding at  
21          the end the following new flush sentence:

22          “Paragraph (1) shall also not apply to income which  
23          is exempt insurance income (as defined in section  
24          953(e)) or which is not treated as foreign personal

1       *holding income by reason of subsection (c)(2)(C)(ii),*  
 2       *(h), or (i).”.*

3       (e) *EXEMPTION FOR GAIN.—Section 954(c)(1)(B)(i)*  
 4 *(relating to net gains from certain property transactions)*  
 5 *is amended by inserting “other than property which gives*  
 6 *rise to income not treated as foreign personal holding com-*  
 7 *pany income by reason of subsection (h) or (i) for the tax-*  
 8 *able year” before the comma at the end.*

9       **SEC. 106. DISCLOSURE OF RETURN INFORMATION ON IN-**  
 10                                   **COME CONTINGENT STUDENT LOANS.**

11       *Subparagraph (D) of section 6103(l)(13) (relating to*  
 12 *disclosure of return information to carry out income contin-*  
 13 *gent repayment of student loans) is amended by striking*  
 14 *“September 30, 1998” and inserting “September 30, 2003”.*

15       **Subtitle B—Generalized System of**  
 16                                   **Preferences**

17       **SEC. 111. EXTENSION OF GENERALIZED SYSTEM OF PREF-**  
 18                                   **ERENCES.**

19       (a) *EXTENSION OF DUTY-FREE TREATMENT UNDER*  
 20 *SYSTEM.—Section 505 of the Trade Act of 1974 (29 U.S.C.*  
 21 *2465) is amended by striking “June 30, 1998” and insert-*  
 22 *ing “December 31, 1999”.*

23       (b) *RETROACTIVE APPLICATION FOR CERTAIN LIQ-*  
 24 *UIDATIONS AND RELIQUIDATIONS.—*

1           (1) *IN GENERAL.*—Notwithstanding section 514  
2 of the Tariff Act of 1930 or any other provision of  
3 law, and subject to paragraph (2), any entry—

4           (A) of an article to which duty-free treat-  
5 ment under title V of the Trade Act of 1974  
6 would have applied if such title had been in ef-  
7 fect during the period beginning on July 1,  
8 1998, and ending on the day before the date of  
9 the enactment of this Act; and

10           (B) that was made after June 30, 1998, and  
11 before the date of the enactment of this Act,  
12 shall be liquidated or reliquidated as free of duty, and  
13 the Secretary of the Treasury shall refund any duty  
14 paid with respect to such entry. As used in this sub-  
15 section, the term “entry” includes a withdrawal from  
16 warehouse for consumption.

17           (2) *REQUESTS.*—Liquidation or reliquidation  
18 may be made under paragraph (1) with respect to an  
19 entry only if a request therefor is filed with the Cus-  
20 toms Service, within 180 days after the date of the en-  
21 actment of this Act, that contains sufficient informa-  
22 tion to enable the Customs Service—

23           (A) to locate the entry; or

24           (B) to reconstruct the entry if it cannot be  
25 located.

## 1     **TITLE II—OTHER PROVISIONS**

### 2     **SEC. 201. DEPRECIATION STUDY.**

3         *The Secretary of the Treasury (or the Secretary's dele-*  
4 *gate)—*

5             (1) *shall conduct a comprehensive study of the*  
6 *recovery periods and depreciation methods under sec-*  
7 *tion 168 of the Internal Revenue Code of 1986, and*

8             (2) *not later than March 31, 2000, shall submit*  
9 *the results of such study, together with recommenda-*  
10 *tions for determining such periods and methods in a*  
11 *more rational manner, to the Committee on Ways*  
12 *and Means of the House of Representatives and the*  
13 *Committee on Finance of the Senate.*

### 14     **SEC. 202. PRODUCTION FLEXIBILITY CONTRACT PAYMENTS.**

15         (a) *IN GENERAL.*—*The options under paragraphs (2)*  
16 *and (3) of section 112(d) of the Federal Agriculture Im-*  
17 *provement and Reform Act of 1996 (7 U.S.C. 7212(d) (2)*  
18 *and (3)), as in effect on the date of the enactment of this*  
19 *Act, shall be disregarded in determining the taxable year*  
20 *for which any payment under a production flexibility con-*  
21 *tract under subtitle B of title I of such Act (as so in effect)*  
22 *is properly includible in gross income for purposes of the*  
23 *Internal Revenue Code of 1986.*

24         (b) *EFFECTIVE DATE.*—*Subsection (a) shall apply to*  
25 *taxable years ending after December 31, 1995.*

1 **SEC. 203. 100 PERCENT DEDUCTION FOR HEALTH INSUR-**  
 2 **ANCE COSTS OF SELF-EMPLOYED INDIVID-**  
 3 **UALS.**

4 (a) *IN GENERAL.*—*The table contained in subpara-*  
 5 *graph (B) of section 162(l)(1) (relating to special rules for*  
 6 *health insurance costs of self-employed individuals) is*  
 7 *amended by striking the last 4 items and inserting the fol-*  
 8 *lowing new items:*

“2002 .....	75
2003 and thereafter .....	100.”

9 (b) *EFFECTIVE DATE.*—*The amendment made by this*  
 10 *section shall apply to taxable years beginning after Decem-*  
 11 *ber 31, 1998.*

12 **SEC. 204. INCREASE IN VOLUME CAP ON PRIVATE ACTIVITY**  
 13 **BONDS.**

14 (a) *IN GENERAL.*—*Subsection (d) of section 146 (relat-*  
 15 *ing to volume cap) is amended by striking paragraphs (1)*  
 16 *and (2) and inserting the following new paragraphs:*

17 “(1) *IN GENERAL.*—*The State ceiling applicable*  
 18 *to any State for any calendar year shall be the great-*  
 19 *er of—*

20 “(A) *an amount equal to the per capita*  
 21 *limit for such year multiplied by the State popu-*  
 22 *lation, or*

23 “(B) *the aggregate limit for such year.*



1        *Subparagraph (B) shall not apply to any possession*  
 2        *of the United States.*

3                “(2) *PER CAPITA LIMIT; AGGREGATE LIMIT.—*  
 4        *For purposes of paragraph (1), the per capita limit,*  
 5        *and the aggregate limit, for any calendar year shall*  
 6        *be determined in accordance with the following table:*

<i>Calendar Year</i>	<i>Per Capita Limit</i>	<i>Aggregate Limit</i>
<i>1999 through 2002 .....</i>	<i>\$50</i>	<i>\$150,000,000</i>
<i>2003 .....</i>	<i>55</i>	<i>165,000,000</i>
<i>2004 .....</i>	<i>60</i>	<i>180,000,000</i>
<i>2005 .....</i>	<i>65</i>	<i>195,000,000</i>
<i>2006 .....</i>	<i>70</i>	<i>210,000,000</i>
<i>2007 and thereafter .....</i>	<i>75</i>	<i>225,000,000.”</i>

7                (b) *EFFECTIVE DATE.—The amendment made by this*  
 8        *section shall apply to calendar years after 1998.*

9        **SEC. 205. MODIFICATION OF ESTIMATED TAX SAFE HAR-**  
 10        **BORS.**

11                (a) *IN GENERAL.—The table contained in clause (i)*  
 12        *of section 6654(d)(1)(C) (relating to limitation on use of*  
 13        *preceding year’s tax) is amended by striking the item relat-*  
 14        *ing to 1998, 1999, or 2000 and inserting the following new*  
 15        *items:*

<i>“1998 .....</i>	<i>105</i>
<i>1999 or 2000 .....</i>	<i>106”.</i>

16                (b) *EFFECTIVE DATE.—The amendment made by this*  
 17        *section shall apply with respect to any installment payment*  
 18        *for taxable years beginning after December 31, 1999.*

1 **SEC. 206. EXEMPTION FOR STUDENTS EMPLOYED BY STATE**  
2 **SCHOOLS, COLLEGES, OR UNIVERSITIES.**

3 (a) *IN GENERAL.*—Notwithstanding section 218 of the  
4 *Social Security Act*, any agreement with a State (or any  
5 modification thereof) entered into pursuant to such section  
6 may, at the option of such State, be modified at any time  
7 on or after January 1, 1999, and on or before March 31,  
8 1999, so as to exclude service performed in the employ of  
9 a school, college, or university if such service is performed  
10 by a student who is enrolled and is regularly attending  
11 classes at such school, college, or university.

12 (b) *EFFECTIVE DATE OF MODIFICATION.*—Any modi-  
13 fication of an agreement pursuant to subsection (a) shall  
14 be effective with respect to services performed after June 30,  
15 1999.

16 (c) *IRREVOCABILITY OF MODIFICATION.*—If any modi-  
17 fication of an agreement pursuant to subsection (a) termi-  
18 nates coverage with respect to service performed in the em-  
19 ploy of a school, college, or university, by a student who  
20 is enrolled and regularly attending classes at such school,  
21 college, or university, the Commissioner of Social Security  
22 and the State may not thereafter modify such agreement  
23 so as to again make the agreement applicable to such service  
24 performed in the employ of such school, college, or univer-  
25 sity.

1     **TITLE III—REVENUE OFFSETS**

2     **SEC. 301. TREATMENT OF CERTAIN DEDUCTIBLE LIQUIDAT-**  
3                    **ING DISTRIBUTIONS OF REGULATED INVEST-**  
4                    **MENT COMPANIES AND REAL ESTATE INVEST-**  
5                    **MENT TRUSTS.**

6            (a) *IN GENERAL.*—Section 332 (relating to complete  
7 liquidations of subsidiaries) is amended by adding at the  
8 end the following new subsection:

9            “(c) *DEDUCTIBLE LIQUIDATING DISTRIBUTIONS OF*  
10 *REGULATED INVESTMENT COMPANIES AND REAL ESTATE*  
11 *INVESTMENT TRUSTS.*—If a corporation receives a distribu-  
12 tion from a regulated investment company or a real estate  
13 investment trust which is considered under subsection (b)  
14 as being in complete liquidation of such company or trust,  
15 then, notwithstanding any other provision of this chapter,  
16 such corporation shall recognize and treat as a dividend  
17 from such company or trust an amount equal to the deduc-  
18 tion for dividends paid allowable to such company or trust  
19 by reason of such distribution.”.

20           (b) *CONFORMING AMENDMENTS.*—

21            (1) *The material preceding paragraph (1) of sec-*  
22 *tion 332(b) is amended by striking “subsection (a)”*  
23 *and inserting “this section”.*

1           (2) Paragraph (1) of section 334(b) is amended  
2           by striking “section 332(a)” and inserting “section  
3           332”.

4           (c) *EFFECTIVE DATE.*—The amendments made by this  
5           section shall apply to distributions after May 21, 1998.

6           **SEC. 302. INCLUSION OF ROTAVIRUS GASTROENTERITIS AS**  
7                                   **A TAXABLE VACCINE.**

8           (a) *IN GENERAL.*—Paragraph (1) of section 4132 (de-  
9           fining taxable vaccine) is amended by adding at the end  
10          the following new subparagraph:

11                           “(K) Any vaccine against rotavirus  
12                           gastroenteritis.”.

13          (b) *EFFECTIVE DATE.*—

14           (1) *SALES.*—The amendment made by this sec-  
15          tion shall apply to sales after the date of the enact-  
16          ment of this Act.

17           (2) *DELIVERIES.*—For purposes of paragraph  
18          (1), in the case of sales on or before the date of the  
19          enactment of this Act for which delivery is made after  
20          such date, the delivery date shall be considered the  
21          sale date.

22          **SEC. 303. CLARIFICATION AND EXPANSION OF MATHEMATI-**  
23                                   **CAL ERROR ASSESSMENT PROCEDURES.**

24          (a) *TIN DEEMED INCORRECT IF INFORMATION ON RE-*  
25          *TURN DIFFERS WITH AGENCY RECORDS.*—Paragraph (2)

1 of section 6213(g) (defining mathematical or clerical error)  
2 is amended by adding at the end the following flush sen-  
3 tence:

4 “A taxpayer shall be treated as having omitted a cor-  
5 rect TIN for purposes of the preceding sentence if in-  
6 formation provided by the taxpayer on the return  
7 with respect to the individual whose TIN was pro-  
8 vided differs from the information the Secretary ob-  
9 tains from the person issuing the TIN.”.

10 (b) EXPANSION OF MATHEMATICAL ERROR PROCE-  
11 DURES TO CASES WHERE TIN ESTABLISHES INDIVIDUAL  
12 NOT ELIGIBLE FOR TAX CREDIT.—Paragraph (2) of section  
13 6213(g) is amended by striking “and” at the end of sub-  
14 paragraph (J), by striking the period at the end of the sub-  
15 paragraph (K) and inserting “, and”, and by inserting  
16 after subparagraph (K) the following new subparagraph:

17 “(L) the inclusion on a return of a TIN re-  
18 quired to be included on the return under section  
19 21, 24, or 32 if—

20 “(i) such TIN is of an individual  
21 whose age affects the amount of the credit  
22 under such section; and

23 “(ii) the computation of the credit on  
24 the return reflects the treatment of such in-

1                    *dividual as being of an age different from*  
2                    *the individual's age based on such TIN.”.*

3            (c) *EFFECTIVE DATE.*—*The amendments made by this*  
4 *section shall apply to taxable years ending after the date*  
5 *of the enactment of this Act.*

6    **SEC. 304. CLARIFICATION OF DEFINITION OF SPECIFIED LI-**  
7                    **ABILITY LOSS.**

8            (a) *IN GENERAL.*—*Subparagraph (B) of section*  
9 *172(f)(1) (defining specified liability loss) is amended to*  
10 *read as follows:*

11                    *“(B)(i) Any amount allowable as a deduc-*  
12                    *tion under this chapter (other than section*  
13                    *468(a)(1) or 468A(a)) which is in satisfaction of*  
14                    *a liability under a Federal or State law requir-*  
15                    *ing—*

16                    *“(I) the reclamation of land;*

17                    *“(II) the decommissioning of a nuclear*  
18                    *power plant (or any unit thereof);*

19                    *“(III) the dismantlement of a drilling*  
20                    *platform;*

21                    *“(IV) the remediation of environmental*  
22                    *contamination; or*

23                    *“(V) a payment under any workers*  
24                    *compensation act (within the meaning of*  
25                    *section 461(h)(2)(C)(i)).*

1           “(i) A liability shall be taken into account  
2           under this subparagraph only if—

3                   “(I) the act (or failure to act) giving  
4                   rise to such liability occurs at least 3 years  
5                   before the beginning of the taxable year; and

6                   “(II) the taxpayer used an accrual  
7                   method of accounting throughout the period  
8                   or periods during which such act (or failure  
9                   to act) occurred.”.

10           (b) *EFFECTIVE DATE.*—The amendment made by this  
11           section shall apply to net operating losses arising in taxable  
12           years ending after the date of the enactment of this Act.

## 13                   **TITLE IV—TECHNICAL** 14                   **CORRECTIONS**

15           **SEC. 401. DEFINITIONS; COORDINATION WITH OTHER TI-**  
16                   **TLES.**

17           (a) *DEFINITIONS.*—For purposes of this title—

18                   (1) *1986 CODE.*—The term “1986 Code” means  
19                   the Internal Revenue Code of 1986.

20                   (2) *1998 ACT.*—The term “1998 Act” means the  
21                   Internal Revenue Service Restructuring and Reform  
22                   Act of 1998 (Public Law 105–206).

23                   (3) *1997 ACT.*—The term “1997 Act” means the  
24                   Taxpayer Relief Act of 1997 (Public Law 105–34).

1       (b) *COORDINATION WITH OTHER TITLES.*—For pur-  
2 poses of applying the amendments made by any title of this  
3 Act other than this title, the provisions of this title shall  
4 be treated as having been enacted immediately before the  
5 provisions of such other titles.

6 **SEC. 402. AMENDMENTS RELATED TO INTERNAL REVENUE**  
7                   **SERVICE RESTRUCTURING AND REFORM ACT**  
8                   **OF 1998.**

9       (a) *AMENDMENT RELATED TO SECTION 1101 OF 1998*  
10 *ACT.*—Paragraph (5) of section 6103(h) of the 1986 Code,  
11 as added by section 1101(b) of the 1998 Act, is redesignated  
12 as paragraph (6).

13       (b) *AMENDMENT RELATED TO SECTION 3001 OF 1998*  
14 *ACT.*—Paragraph (2) of section 7491(a) of the 1986 Code  
15 is amended by adding at the end the following flush sen-  
16 tence:

17       “Subparagraph (C) shall not apply to any qualified  
18 revocable trust (as defined in section 645(b)(1)) with  
19 respect to liability for tax for any taxable year ending  
20 after the date of the decedent’s death and before the  
21 applicable date (as defined in section 645(b)(2)).”.

22       (c) *AMENDMENTS RELATED TO SECTION 3201 OF 1998*  
23 *ACT.*—

24               (1) Section 7421(a) of the 1986 Code is amended  
25 by striking “6015(d)” and inserting “6015(e)”.



1           (2) *Subparagraph (A) of section 6015(e)(3) is*  
2           *amended by striking “of this section” and inserting*  
3           *“of subsection (b) or (f)”.*

4           (d) *AMENDMENT RELATED TO SECTION 3301 OF 1998*  
5 *ACT.—Paragraph (2) of section 3301(e) of the 1998 Act is*  
6 *amended by striking “The amendments” and inserting*  
7 *“Subject to any applicable statute of limitation not having*  
8 *expired with regard to either a tax underpayment or a tax*  
9 *overpayment, the amendments”.*

10          (e) *AMENDMENT RELATED TO SECTION 3401 OF 1998*  
11 *ACT.—Section 3401(c) of the 1998 Act is amended—*

12           (1) *in paragraph (1), by striking “7443(b)” and*  
13           *inserting “7443A(b)”;* and

14           (2) *in paragraph (2), by striking “7443(c)” and*  
15           *inserting “7443A(c)”.*

16          (f) *AMENDMENT RELATED TO SECTION 3433 OF 1998*  
17 *ACT.—Section 7421(a) of the 1986 Code is amended by in-*  
18 *serting “6331(i),” after “6246(b),”.*

19          (g) *AMENDMENT RELATED TO SECTION 3467 OF 1998*  
20 *ACT.—The subsection (d) of section 6159 of the 1986 Code*  
21 *relating to cross reference is redesignated as subsection (e).*

22          (h) *AMENDMENT RELATED TO SECTION 3708 OF 1998*  
23 *ACT.—Subparagraph (A) of section 6103(p)(3) of the 1986*  
24 *Code is amended by inserting “(f)(5),” after “(c), (e),”.*

1       *(i) AMENDMENTS RELATED TO SECTION 5001 OF 1998*  
2 *ACT.—*

3           *(1) Subparagraph (B) of section 1(h)(13) of the*  
4 *1986 Code is amended by striking “paragraph*  
5 *(7)(A)” and inserting “paragraph (7)(A)(i)”.*

6           *(2)(A) Subparagraphs (A)(i)(II), (A)(ii)(II), and*  
7 *(B)(ii) of section 1(h)(13) of the 1986 Code shall not*  
8 *apply to any distribution after December 31, 1997, by*  
9 *a regulated investment company or a real estate in-*  
10 *vestment trust with respect to—*

11           *(i) gains and losses recognized directly by*  
12 *such company or trust, and*

13           *(ii) amounts properly taken into account by*  
14 *such company or trust by reason of holding (di-*  
15 *rectly or indirectly) an interest in another such*  
16 *company or trust to the extent that such sub-*  
17 *paragraphs did not apply to such other company*  
18 *or trust with respect to such amounts.*

19           *(B) Subparagraph (A) shall not apply to any*  
20 *distribution which is treated under section 852(b)(7)*  
21 *or 857(b)(8) of the 1986 Code as received on December*  
22 *31, 1997.*

23           *(C) For purposes of subparagraph (A), any*  
24 *amount which is includible in gross income of its*  
25 *shareholders under section 852(b)(3)(D) or*

1       857(b)(3)(D) of the 1986 Code after December 31,  
2       1997, shall be treated as distributed after such date.

3               (D)(i) For purposes of subparagraph (A), in the  
4       case of a qualified partnership with respect to which  
5       a regulated investment company meets the holding re-  
6       quirement of clause (iii)—

7                       (I) the subparagraphs referred to in sub-  
8       paragraph (A) shall not apply to gains and  
9       losses recognized directly by such partnership for  
10      purposes of determining such company's dis-  
11      tributive share of such gains and losses, and

12                      (II) such company's distributive share of  
13      such gains and losses (as so determined) shall be  
14      treated as recognized directly by such company.

15      The preceding sentence shall apply only if the quali-  
16      fied partnership provides the company with written  
17      documentation of such distributive share as so deter-  
18      mined.

19               (ii) For purposes of clause (i), the term “quali-  
20      fied partnership” means, with respect to a regulated  
21      investment company, any partnership if—

22                      (I) the partnership is an investment com-  
23      pany registered under the Investment Company  
24      Act of 1940,

1           (II) the regulated investment company is  
2 permitted to invest in such partnership by rea-  
3 son of section 12(d)(1)(E) of such Act or an ex-  
4 emptive order of the Securities and Exchange  
5 Commission under such section, and

6           (III) the regulated investment company and  
7 the partnership have the same taxable year.

8           (iii) A regulated investment company meets the  
9 holding requirement of this clause with respect to a  
10 qualified partnership if (as of January 1, 1998)—

11           (I) the value of the interests of the regulated  
12 investment company in such partnership is 35  
13 percent or more of the value of such company's  
14 total assets, or

15           (II) the value of the interests of the regu-  
16 lated investment company in such partnership  
17 and all other qualified partnerships is 90 percent  
18 or more of the value of such company's total as-  
19 sets.

20           (3) Paragraph (13) of section 1(h) of the 1986  
21 Code is amended by adding at the end the following  
22 new subparagraph:

23           “(D) CHARITABLE REMAINDER TRUSTS.—  
24 Subparagraphs (A) and (B)(ii) shall not apply

1           to any capital gain distribution made by a trust  
2           described in section 664.”

3           (j) *AMENDMENT RELATED TO SECTION 7004 OF 1998*  
4 *ACT.*—Clause (i) of section 408A(c)(3)(C) of the 1986 Code,  
5 as amended by section 7004 of the 1998 Act, is amended  
6 by striking the period at the end of subclause (II) and in-  
7 serting “, and”.

8           (k) *EFFECTIVE DATE.*—The amendments made by this  
9 section shall take effect as if included in the provisions of  
10 the 1998 Act to which they relate.

11 **SEC. 403. AMENDMENTS RELATED TO TAXPAYER RELIEF**  
12                                   **ACT OF 1997.**

13           (a) *AMENDMENTS RELATED TO SECTION 202 OF 1997*  
14 *ACT.*—

15                   (1) Paragraph (2) of section 163(h) of the 1986  
16 Code is amended by striking “and” at the end of sub-  
17 paragraph (D), by striking the period at the end of  
18 subparagraph (E) and inserting “, and”, and by add-  
19 ing at the end the following new subparagraph:

20                                   “(F) any interest allowable as a deduction  
21                                   under section 221 (relating to interest on edu-  
22                                   cational loans).”

23                   (2)(A) Subparagraph (C) of section 221(b)(2) of  
24 the 1986 Code is amended—

25                                   (i) by striking “135, 137,” in clause (i),

1           (ii) by inserting “135, 137,” after “sections  
2           86,” in clause (i), and

3           (iii) by striking the last sentence.

4           (B) Sections 86(b)(2)(A), 135(c)(4)(A), and  
5           219(g)(3)(A)(ii) of the 1986 Code are each amended  
6           by inserting “221,” after “137.”

7           (C) Subparagraph (A) of section 137(b)(3) of the  
8           1986 Code is amended by inserting “221,” before  
9           “911.”

10          (D) Clause (iii) of section 469(i)(3)(E) of the  
11          1986 Code is amended to read as follows:

12                   “(iii) the amounts allowable as a de-  
13                   duction under sections 219 and 221, and”.

14          (3) The last sentence of section 221(e)(1) of the  
15          1986 Code is amended by inserting before the period  
16          “or to any person by reason of a loan under any  
17          qualified employer plan (as defined in section  
18          72(p)(4)) or under any contract referred to in section  
19          72(p)(5)”.

20          (b) PROVISION RELATED TO SECTION 311 OF 1997  
21          ACT.—In the case of any capital gain distribution made  
22          after 1997 by a trust to which section 664 of the 1986 Code  
23          applies with respect to amounts properly taken into account  
24          by such trust during 1997, paragraphs (5)(A)(i)(I),  
25          (5)(A)(ii)(I), and (13)(A) of section 1(h) of the 1986 Code

1 *(as in effect for taxable years ending on December 31, 1997)*  
2 *shall not apply.*

3 *(c) AMENDMENT RELATED TO SECTION 506 OF 1997*  
4 *ACT.—Section 2001(f)(2) of the 1986 Code is amended by*  
5 *adding at the end the following:*

6 *“For purposes of subparagraph (A), the value of an*  
7 *item shall be treated as shown on a return if the item*  
8 *is disclosed in the return, or in a statement attached*  
9 *to the return, in a manner adequate to apprise the*  
10 *Secretary of the nature of such item.”.*

11 *(d) AMENDMENTS RELATED TO SECTION 904 OF 1997*  
12 *ACT.—*

13 *(1) Paragraph (1) of section 9510(c) of the 1986*  
14 *Code is amended to read as follows:*

15 *“(1) IN GENERAL.—Amounts in the Vaccine In-*  
16 *jury Compensation Trust Fund shall be available, as*  
17 *provided in appropriation Acts, only for—*

18 *“(A) the payment of compensation under*  
19 *subtitle 2 of title XXI of the Public Health Serv-*  
20 *ice Act (as in effect on August 5, 1997) for vac-*  
21 *cine-related injury or death with respect to any*  
22 *vaccine—*

23 *“(i) which is administered after Sep-*  
24 *tember 30, 1988, and*

1                   “(i) which is a taxable vaccine (as de-  
2                   fined in section 4132(a)(1)) at the time  
3                   compensation is paid under such subtitle 2,  
4                   or

5                   “(B) the payment of all expenses of admin-  
6                   istration (but not in excess of \$9,500,000 for any  
7                   fiscal year) incurred by the Federal Government  
8                   in administering such subtitle.”.

9                   (2) Section 9510(b) of the 1986 Code is amended  
10                  by adding at the end the following new paragraph:

11                  “(3) *LIMITATION ON TRANSFERS TO VACCINE IN-*  
12                  *JURY COMPENSATION TRUST FUND.—No amount may*  
13                  *be appropriated to the Vaccine Injury Compensation*  
14                  *Trust Fund on and after the date of any expenditure*  
15                  *from the Trust Fund which is not permitted by this*  
16                  *section. The determination of whether an expenditure*  
17                  *is so permitted shall be made without regard to—*

18                  “(A) any provision of law which is not con-  
19                  tained or referenced in this title or in a revenue  
20                  Act, and

21                  “(B) whether such provision of law is a sub-  
22                  sequently enacted provision or directly or indi-  
23                  rectly seeks to waive the application of this para-  
24                  graph.”.



1       (e) *AMENDMENTS RELATED TO SECTION 915 OF 1997*  
2 *ACT.*—

3           (1) *Section 915 of the 1997 Act is amended—*

4                   (A) *in subsection (b), by inserting “or*  
5                   *1998” after “1997”, and*

6                   (B) *by amending subsection (d) to read as*  
7                   *follows:*

8           “(d) *EFFECTIVE DATE.*—*This section shall apply to*  
9 *taxable years ending with or within calendar year 1997.”.*

10           (2) *Paragraph (2) of section 6404(h) of the 1986*  
11 *Code is amended by inserting “Robert T. Stafford”*  
12 *before “Disaster”.*

13       (f) *AMENDMENTS RELATED TO SECTION 1012 OF 1997*  
14 *ACT.*—

15           (1) *Paragraph (2) of section 351(c) of the 1986*  
16 *Code, as amended by section 6010(c) of the 1998 Act,*  
17 *is amended by inserting “, or the fact that the cor-*  
18 *poration whose stock was distributed issues additional*  
19 *stock,” after “dispose of part or all of the distributed*  
20 *stock”.*

21           (2) *Clause (ii) of section 368(a)(2)(H) of the*  
22 *1986 Code, as amended by section 6010(c) of the 1998*  
23 *Act, is amended by inserting “, or the fact that the*  
24 *corporation whose stock was distributed issues addi-*

1        *tional stock,” after “dispose of part or all of the dis-*  
2        *tributed stock”.*

3        *(g) PROVISION RELATED TO SECTION 1042 OF 1997*  
4        *ACT.—Rules similar to the rules of section 1.1502-75(d)(5)*  
5        *of the Treasury Regulations shall apply with respect to any*  
6        *organization described in section 1042(b) of the 1997 Act.*

7        *(h) AMENDMENT RELATED TO SECTION 1082 OF 1997*  
8        *ACT.—Subparagraph (F) of section 172(b)(1) of the 1986*  
9        *Code is amended by adding at the end the following new*  
10       *clause:*

11                                *“(iv) COORDINATION WITH PARAGRAPH*  
12                                *(2).—For purposes of applying paragraph*  
13                                *(2), an eligible loss for any taxable year*  
14                                *shall be treated in a manner similar to the*  
15                                *manner in which a specified liability loss is*  
16                                *treated.”*

17        *(i) AMENDMENT RELATED TO SECTION 1084 OF 1997*  
18        *ACT.—Paragraph (3) of section 264(f) of the 1986 Code is*  
19        *amended by adding at the end the following flush sentence:*

20                                *“If the amount described in subparagraph (A) with*  
21                                *respect to any policy or contract does not reasonably*  
22                                *approximate its actual value, the amount taken into*  
23                                *account under subparagraph (A) shall be the greater*  
24                                *of the amount of the insurance company liability or*  
25                                *the insurance company reserve with respect to such*

1       *policy or contract (as determined for purposes of the*  
2       *annual statement approved by the National Associa-*  
3       *tion of Insurance Commissioners) or shall be such*  
4       *other amount as is determined by the Secretary.”*

5       *(j) AMENDMENT RELATED TO SECTION 1175 OF 1997*  
6       *ACT.—Subparagraph (C) of section 954(e)(2) of the 1986*  
7       *Code is amended by striking “subsection (h)(8)” and insert-*  
8       *ing “subsection (h)(9)”.*

9       *(k) AMENDMENT RELATED TO SECTION 1205 OF 1997*  
10       *ACT.—Paragraph (2) of section 6311(d) of the 1986 Code*  
11       *is amended by striking “under such contracts” in the last*  
12       *sentence and inserting “under any such contract for the use*  
13       *of credit, debit, or charge cards for the payment of taxes*  
14       *imposed by subtitle A”.*

15       *(l) EFFECTIVE DATE.—The amendments made by this*  
16       *section shall take effect as if included in the provisions of*  
17       *the 1997 Act to which they relate.*

18       **SEC. 404. AMENDMENTS RELATED TO TAX REFORM ACT OF**

19                       **1984.**

20       *(a) IN GENERAL.—Subparagraph (C) of section*  
21       *172(d)(4) of the 1986 Code is amended to read as follows:*

22                       *“(C) any deduction for casualty or theft*  
23                       *losses allowable under paragraph (2) or (3) of*  
24                       *section 165(c) shall be treated as attributable to*  
25                       *the trade or business; and”.*

1       **(b) CONFORMING AMENDMENTS.—**

2               (1) Paragraph (3) of section 67(b) of the 1986  
3 Code is amended by striking “for losses described in  
4 subsection (c)(3) or (d) of section 165” and inserting  
5 “for casualty or theft losses described in paragraph  
6 (2) or (3) of section 165(c) or for losses described in  
7 section 165(d)”.

8               (2) Paragraph (3) of section 68(c) of the 1986  
9 Code is amended by striking “for losses described in  
10 subsection (c)(3) or (d) of section 165” and inserting  
11 “for casualty or theft losses described in paragraph  
12 (2) or (3) of section 165(c) or for losses described in  
13 section 165(d)”.

14              (3) Paragraph (1) of section 873(b) is amended  
15 to read as follows:

16              “(1) **LOSSES.**—The deduction allowed by section  
17 165 for casualty or theft losses described in paragraph  
18 (2) or (3) of section 165(c), but only if the loss is of  
19 property located within the United States.”

20       **(c) EFFECTIVE DATES.—**

21              (1) The amendments made by subsections (a)  
22 and (b)(3) shall apply to taxable years beginning  
23 after December 31, 1983.

1           (2) *The amendment made by subsection (b)(1)*  
2           *shall apply to taxable years beginning after December*  
3           *31, 1986.*

4           (3) *The amendment made by subsection (b)(2)*  
5           *shall apply to taxable years beginning after December*  
6           *31, 1990.*

7 **SEC. 405. OTHER AMENDMENTS.**

8           (a) *AMENDMENTS RELATED TO SECTION 6103 OF 1986*  
9           *CODE.—*

10           (1) *Subsection (j) of section 6103 of the 1986*  
11           *Code is amended by adding at the end the following*  
12           *new paragraph:*

13           “(5) *DEPARTMENT OF AGRICULTURE.—Upon re-*  
14           *quest in writing by the Secretary of Agriculture, the*  
15           *Secretary shall furnish such returns, or return infor-*  
16           *mation reflected thereon, as the Secretary may pre-*  
17           *scribe by regulation to officers and employees of the*  
18           *Department of Agriculture whose official duties re-*  
19           *quire access to such returns or information for the*  
20           *purpose of, but only to the extent necessary in, struc-*  
21           *turing, preparing, and conducting the census of agri-*  
22           *culture pursuant to the Census of Agriculture Act of*  
23           *1997 (Public Law 105–113).”.*

24           (2) *Paragraph (4) of section 6103(p) of the 1986*  
25           *Code is amended by striking “(j)(1) or (2)” in the*

1 *material preceding subparagraph (A) and in sub-*  
2 *paragraph (F) and inserting “(j)(1), (2), or (5)”.*

3 *(3) The amendments made by this subsection*  
4 *shall apply to requests made on or after the date of*  
5 *the enactment of this Act.*

6 *(b) AMENDMENT RELATED TO SECTION 9004 OF*  
7 *TRANSPORTATION EQUITY ACT FOR THE 21ST CENTURY.—*

8 *(1) Paragraph (2) of section 9503(f) of the 1986*  
9 *Code is amended to read as follows:*

10 *“(2) notwithstanding section 9602(b), obligations*  
11 *held by such Fund after September 30, 1998, shall be*  
12 *obligations of the United States which are not inter-*  
13 *est-bearing.”*

14 *(2) The amendment made by paragraph (1) shall*  
15 *take effect on October 1, 1998.*

16 *(c) CLERICAL AMENDMENTS.—*

17 *(1) Clause (i) of section 51(d)(6)(B) of the 1986*  
18 *Code is amended by striking “rehabilitation plan”*  
19 *and inserting “plan for employment”. The reference*  
20 *to “plan for employment” in such clause shall be*  
21 *treated as including a reference to the rehabilitation*  
22 *plan referred to in such clause as in effect before the*  
23 *amendment made by the preceding sentence.*

24 *(2) Paragraph (3) of section 56(a) of the 1986*  
25 *Code is amended by striking “section 460(b)(2)” and*

1        *inserting “section 460(b)(1)” and by striking “section*  
2        *460(b)(4)” and inserting “section 460(b)(3)”.*

3            *(3) Paragraph (10) of section 2031(c) of the*  
4        *1986 Code is amended by striking “section*  
5        *2033A(e)(3)” and inserting “section 2057(e)(3)”.*

6            *(4) Subparagraphs (C) and (D) of section*  
7        *6693(a)(2) of the 1986 Code are each amended by*  
8        *striking “Section” and inserting “section”.*