H.R. 4243: Mr. SYNAR, Ms. SLAUGHTER, and Mr. LAFALCE.

H.R. 4271: Mr. LOWERY of California and Mr. SANGMEISTER.

H.R. 4277: Mr. TOWNS, Mr. TORRES, and Ms. HORN.

H.J. Res. 27: Mr. GILLMOR.

H.J. Res. 351: Mr. KOSTMAYER, Mr. LEHMAN of Florida, Mr. HUGHES, Mrs. PATTERSON, Ms. PELOSI, Mr. HOCHBRUECKNER, Mr. BEILENSON, Mr. MORAN, Mr. MRAZEK, Mr. LAFALCE, Mrs. BOXER, and Mr. WAXMAN.

H.J. Res. 402: Mr. ALLEN, Mr. EMERSON, Mr. TRAFICANT, Mr. MURPHY, and Mr. PICKETT.

H.J. Res. 407: Mr. TRAXLER, Mr. MAVROULES, Mr. MCMILLAN of North Carolina, Mr. DARDEN, Mr. MCGRATH, Mr. SARPALIUS, Mr. BOUCHER, Mr. HUGHES, Mr. WALSH, Mr. GONZALEZ, and Mr. ANDERSON.

H.J. Res. 411: Mr. WALSH, Ms. NORTON, Mrs. ROUKEMA, Mr. LAGOMARSINO, Mrs. LOWEY of New York, and Mr. MATSUI.

H.J. Res. 414: Mr. VANDER JAGT, Mr. HORTON, Mr. OWENS of Utah, Mr. SCHUMER, Mr. ACKERMAN, Mr. RITTER, Mr. LEHMAN of Florida, Mr. GILLMOR, Mr. SHAYS, Mr. SOLARZ, Mr. DE LUGO, Mr. DORNAN of California, Mr. FASCELL, Mr. ERDREICH, Mr. GORDON, Mr. PAXON, Mr. SOLOMON, Mr. TOWNS, Mr. KOSTMAYER, and Mr. MURPHY.

H. Con. Res. 192: Mr. CHANDLER, Mr. ATKINS, Mr. LANTOS, Mr. JOHNSTON of Florida, Mr. FASCELL, Mr. IRELAND, Mr. SCHEUER, Mr. HUGHES, Mr. ECKART, Mr. YATRON, Mr. LAFALCE, Mr. COYNE, Mr. FEIGHAN, Mr. TRAFICANT, and Mr. JENKINS.

H. Con. Res. 239: Ms. ROS-LEHTINEN and Mr. HOYER.

H. Con. Res. 263: Mrs. MORELLA, Mr. CARPER, and Mrs. SCHROEDER.

H. Con. Res. 264: Mr. ROHRABACHER, Mr. LAFALCE, and Mr. HUGHES.

H. Con. Res. 266: Mr. GILMAN, Mr. KOPETSKI, Mr. ANDREWS of Maine, Mr. RANGEL, Mr. LEVINE of California, Mr. MCHUGH, Mr. JONES of Georgia, Mr. MCDERMOTT, Mr. SANDERS, and Mr. PASTOR.

H. Con. Res. 272: Mr. MCMILLEN of Maryland, Mr. ACKERMAN, Mr. LEWIS of Florida, Mr. ROYBAL, Mr. LEVINE of California, and Mr. MANTON.

H. Con. Res. 274: Mr. POSHARD, Mr. JONES of North Carolina, Mr. TAYLOR of North Carolina, Mr. GOSS, and Mr. TOWNS.

H. Con. Res. 277: Mr. WALSH, Mr. BROOKS, Mr. STENHOLM, Mr. BRYANT, Mr. COMBEST, Mr. GEKAS, Mr. LAUGHLIN, and Mr. ORTIZ.

H. Res. 271: Mr. SANDERS and Mr. MFUME.

H. Res. 322: Mr. JEFFERSON, Mr. TORRES, Mr. GLICKMAN, Mr. GALLEGLY, Mr. MCCLOSKEY, Mr. MILLER of Washington, and Mr. MURPHY.

H. Res. 332: Mr. SHAYS and Mr. EWING.

H. Res. 359: Mr. LEVINE of California.

¶17.33 DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H. Res. 194: Mr. CHAPMAN and Mrs. LLOYD.

WEDNESDAY, FEBRUARY 26, 1992 (18)

The House was called to order by the SPEAKER.

¶18.1 APPROVAL OF THE JOURNAL

The SPEAKER announced he had examined and approved the Journal of the proceedings of Tuesday, February 25, 1992.

Mr. PAXON, pursuant to clause 1, rule I, objected to the Chair's approval of the Journal.

The question being put, viva voce,

Will the House agree to the Chair's approval of said Journal?

The SPEAKER announced that the yeas had it.

Mr. PAXON objected to the vote on the ground that a quorum was not present and not voting.

A quorum not being present,

The roll was called under clause 4, rule XV, and the call was taken by electronic device.

When there appeared ....
- Yeas 282
- Nays 115
- Answered present 1

¶18.2 [Roll No. 22]

YEAS—282

Abercrombie	Espy	Luken
Ackerman	Evans	Manton
Alexander	Ewing	Markey
Anderson	Fazio	Martinez
Andrews (ME)	Feighan	Matsui
Andrews (NJ)	Fish	Mavroules
Andrews (TX)	Flake	Mazzoli
Annunzio	Foglietta	McCloskey
Anthony	Ford (MI)	McCollum
Applegate	Ford (TN)	McCurdy
Archer	Frank (MA)	McGrath
Aspin	Frost	McHugh
Atkins	Gaydos	McMillen (MD)
AuCoin	Gejdenson	McNulty
Bacchus	Gephardt	Mfume
Barnard	Geren	Mineta
Bateman	Gillmor	Mink
Beilenson	Gilman	Moakley
Bennett	Glickman	Montgomery
Berman	Gonzalez	Moran
Bevill	Gordon	Morrison
Bilbray	Gradison	Murtha
Blackwell	Green	Myers
Bonior	Guarini	Nagle
Borski	Gunderson	Natcher
Boucher	Hall (OH)	Neal (MA)
Brooks	Hall (TX)	Neal (NC)
Broomfield	Hamilton	Nichols
Browder	Hammerschmidt	Nowak
Brown	Harris	Oakar
Bruce	Hatcher	Oberstar
Bryant	Hayes (IL)	Obey
Bustamante	Hefner	Olin
Byron	Hertel	Ortiz
Cardin	Hoagland	Orton
Carper	Hochbrueckner	Owens (NY)
Carr	Horn	Owens (UT)
Chapman	Horton	Oxley
Clement	Hubbard	Packard
Clinger	Huckaby	Pallone
Collins (IL)	Hughes	Panetta
Collins (MI)	Hutto	Parker
Combest	Hyde	Pastor
Condit	Jefferson	Patterson
Conyers	Jenkins	Payne (NJ)
Cooper	Johnson (CT)	Payne (VA)
Costello	Johnson (SD)	Pelosi
Cox (IL)	Johnson (TX)	Perkins
Coyne	Johnston	Peterson (FL)
Cramer	Jones (GA)	Peterson (MN)
Darden	Jones (NC)	Petri
Davis	Jontz	Pickett
de la Garza	Kanjorski	Pickle
DeFazio	Kaptur	Porter
DeLauro	Kennedy	Poshard
Dellums	Kennelly	Price
Derrick	Kildee	Quillen
Dicks	Kleczka	Rangel
Dingell	Kolter	Ravenel
Dixon	Kopetski	Ray
Donnelly	Kostmayer	Reed
Dorgan (ND)	LaFalce	Richardson
Dornan (CA)	Lancaster	Rinaldo
Downey	Lantos	Ritter
Dreier	LaRocco	Roe
Durbin	Laughlin	Roemer
Dwyer	Lehman (CA)	Rose
Dymally	Lehman (FL)	Rostenkowski
Early	Levin (MI)	Rowland
Eckart	Levine (CA)	Roybal
Edwards (CA)	Lewis (GA)	Sabo
Edwards (OK)	Lipinski	Sangmeister
Edwards (TX)	Livingston	Sarpalius
Emerson	Lloyd	Sawyer
English	Long	Scheuer
Erdreich	Lowey (NY)	Schulze
Schumer	Stark	Unsoeld
Serrano	Stenholm	Valentine
Shaw	Stokes	Vento
Shuster	Studds	Visclosky
Sisisky	Swett	Volkmer
Skaggs	Swift	Walsh
Skeen	Synar	Waters
Skelton	Tallon	Waxman
Slattery	Tanner	Weiss
Slaughter	Tauzin	Wheat
Smith (FL)	Taylor (MS)	Williams
Smith (IA)	Thomas (GA)	Wilson
Snowe	Thornton	Wise
Solarz	Torres	Wolpe
Spence	Torricelli	Wyden
Spratt	Towns	Wylie
Staggers	Traficant	Yates
Stallings	Traxler	Yatron

NAYS—115

Allard	Hastert	Ramstad
Allen	Hefley	Regula
Armey	Henry	Rhodes
Baker	Herger	Ridge
Ballenger	Holloway	Riggs
Barrett	Hopkins	Roberts
Barton	Hunter	Rogers
Bentley	Inhofe	Rohrabacher
Bereuter	Jacobs	Ros-Lehtinen
Bilirakis	James	Roth
Bliley	Klug	Roukema
Boehlert	Kolbe	Santorum
Boehner	Kyl	Saxton
Bunning	Lagomarsino	Schaefer
Burton	Leach	Schiff
Callahan	Lent	Schroeder
Camp	Lewis (CA)	Sensenbrenner
Campbell (CA)	Lewis (FL)	Shays
Campbell (CO)	Lightfoot	Sikorski
Clay	Machtley	Smith (OR)
Coble	Marlenee	Solomon
Coleman (MO)	Martin	Stearns
Cox (CA)	McCandless	Stump
Crane	McCrery	Sundquist
Cunningham	McDade	Taylor (NC)
DeLay	McEwen	Thomas (CA)
Doolittle	McMillan (NC)	Thomas (WY)
Duncan	Meyers	Upton
Fawell	Michel	Vucanovich
Franks (CT)	Miller (OH)	Walker
Gallegly	Miller (WA)	Weber
Gallo	Molinari	Weldon
Gekas	Moorhead	Wolf
Gilchrest	Morella	Young (AK)
Gingrich	Murphy	Young (FL)
Goodling	Nussle	Zeliff
Goss	Paxon	Zimmer
Grandy	Penny	
Hancock	Pursell	

ANSWERED "PRESENT"—1

Chandler

NOT VOTING—36

Boxer	Hayes (LA)	Olver
Brewster	Hobson	Pease
Coleman (TX)	Houghton	Rahall
Coughlin	Hoyer	Russo
Dannemeyer	Ireland	Sanders
Dickinson	Kasich	Savage
Dooley	Lowery (CA)	Sharp
Engel	McDermott	Smith (NJ)
Fascell	Miller (CA)	Smith (TX)
Fields	Mollohan	Vander Jagt
Gibbons	Moody	Washington
Hansen	Mrazek	Whitten

So the Journal was approved.

¶18.3 COMMUNICATIONS

Executive and other communications, pursuant to clause 2, rule XXIV, were referred as follows:

2887. A letter from the Assistant Secretary, Department of Defense, transmitting a report on the consolidation of supply depots, pursuant to Public Law 102–190, section 313(a)(3) (105 Stat. 1336); to the Committee on Armed Services.

2888. A letter from the Secretary of Defense, transmitting the Department's Annual Report to Congress for Fiscal Year 1992, pursuant to 10 U.S.C. 113; to the Committee on Armed Services.

2889. A letter from the Under Secretary of Defense, transmitting the Secretary's certification with respect to the Navy's AOE 6

program, pursuant to 10 U.S.C. 2433; to the Committee on Armed Services.

2890. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend chapter 138 of title 10, United States Code; to the Committee on Armed Services.

2891. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation entitled, ''Military Construction Authorization Act, 1993''; to the Committee on Armed Services.

2892. A letter from the Secretary, Housing and Urban Development, transmitting a report on the feasibility and effectiveness of establishing uniform standards for training and certification of executive directors and other officers and members of local, regional, and State public housing agencies, pursuant to Public Law 101–625, section 502(b) (104 Stat. 4183); to the Committee on Banking, Finance and Urban Affairs.

2893. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 9–151, ''Advisory Neighborhood Commission Election Temporary Act of 1992,'' pursuant to D.C. Code, section 1–233(c)(1); to the Committee on the District of Columbia.

2894. A letter from the Director, Agency for International Development, transmitting a report on economic conditions prevailing in Turkey that may affect its ability to meet its international debt obligations and to stabilize its economy, pursuant to 22 U.S.C. 2346 note; to the Committee on Foreign Affairs.

2895. A letter from the Director, Agency for International Development, transmitting a report on economic conditions prevailing in Portugal that may affect its ability to meet its international debt obligations and to stabilize its economy, pursuant to 22 U.S.C. 2346 note; to the Committee on Foreign Affairs.

2896. A letter from the Director, Agency for International Development, transmitting a report on economic conditions prevailing in Egypt that may affect its ability to meet international debt obligations and stabilize its economy, pursuant to 22 U.S.C. 2346 note; to the Committee on Foreign Affairs.

2897. A letter from the Director, Office of Management and Budget, transmitting OMB estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 1995 resulting from passage of S. 1415, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–582); to the Committee on Government Operations.

2898. A letter from the Assistant Secretary (Management), Department of the Treasury, transmitting a report on its activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(e); to the Committee on Government Operations.

2899. A letter from the National Endowment for Democracy, transmitting a report on its activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(e); to the Committee on Government Operations.

2900. A letter from the Chairman, National Transportation Safety Board, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1991, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Operations.

2901. A letter from the Chairman, Nuclear Regulatory Commission, transmitting a report on its activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2902. A letter from the U.S. International Trade Commission, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 1991, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

2903. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

2904. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

2905. A letter from the Assistant Secretary of the Department of the Interior, transmitting a draft of proposed legislation to amend the Surface Mining Control and Reclamation Act of 1977, as amended, to extend authority to collect abandoned mine reclamation fees; to the Committee on Interior and Insular Affairs.

¶18.4 MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate agreed to the report of the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2212) ''An Act regarding the extension of most-favored-nation treatment to the products of the People's Republic of China, and for other purposes.''

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested.

S. 2166. An Act to reduce the Nation's dependence on imported oil, to provide for the energy security of the Nation, and for other purposes.

The message also announced that, pursuant to Public Law 101–649, the Chair, on behalf of the Republican leader, appointed Mr. Richard Estrada of Texas and Mr. Michael Teitelbaum of New York, as members of the Commission on Legal Immigration Reform.

¶18.5 PROVIDING FOR THE CONSIDERATION OF H.R. 4210

Mr. DERRICK, by direction of the Committee on Rules, called up the following resolution (H. Res. 374):

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4210) to amend the Internal Revenue Code of 1986 to provide incentives for increased economic growth and to provide tax relief for families, and the first reading of the bill shall be dispensed with. All points of order against consideration of the bill are hereby waived. After general debate, which shall be confined to the bill and the amendments made in order by this resolution and which shall not exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment under the five-minute rule. Immediately upon the conclusion of the general debate and notwithstanding any rule of the House, the Chair shall put the question, without further debate, on adopting an amendment in the nature of substitute consisting of the text of the bill H.R. 4210. No further amendment to the bill shall be in order except the following amendments in this order: (1) an amendment in the nature of a substitute consisting of the text of the bill H.R. 4200 as modified by the amendment in section 2 of this resolution, to be offered by Representative Michel of Illinois or Representative Archer of Texas or their designee; and (2) an amendment in the nature of a substitute consisting of the text of the bill H.R. 4287, to be offered by Representative Rostenkowski of Illinois or his designee. Both amendments shall be considered as having been read and shall not be subject to amendment. Each amendment shall be debatable for not to exceed one hour, to be equally divided and controlled by the proponent and a Member opposed thereto. All points of order against each amendment in the nature of a substitute are hereby waived. If more than one amendment in the nature of a substitute is adopted, only the last such amendment which is adopted shall be considered as finally adopted in the Committee of the Whole and reported back to the House. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendment as may have been adopted, and the previous question shall be considered as having been ordered on the bill and amendment thereto final passage without intervening motion except one motion to recommit, which may not contain instructions.

SEC. 2. At the end of line 25, page 14 of H.R. 4200, insert the following new sentence: ''Notwithstanding any other provision of this chapter, in the case of a taxpayer other than a corporation, any amount treated as ordinary income under this subsection shall be subject to tax at a rate not in excess of 28 percent.''.

Pending consideration of said resolution,

¶18.6 POINT OF ORDER

Mr. SOLOMON made a point of order against said resolution, and said:

''Mr. Speaker, I make a point of order against the consideration of House Resolution 374 on grounds that it is in violation of clause 4(b) of House rule XI, and ask to be heard on my point of order.

''Mr. Speaker, I regret that I must again rise to make this point of order that the minority's right to offer a motion to recommit of its choosing is being violated. I thought I had assurances from your leadership that this right would not be further abridged pending a promised Rules Committee inquiry into the legislative history behind this rule.

''Mr. Speaker, as you will recall, on January 3, 1991, I transmitted to you, the majority leader, and the chairman and other members of the Rules Committee a 48-page report prepared by our Rules Committee minority staff entitled, 'The Motion to Recommit in the U.S. House of Representatives: The Rape of a Minority Right.'

''That paper traces the legislative history and the intent behind the two rules at issue here, which were adopted by the House back in 1909.

''In essence, Mr. Speaker, that report documents that the two rules were specifically adopted to permit the minority the right to offer a motion to recommit of its own choosing, including one with instructions, so that it could go get a final vote on its position.

''Mr. Speaker, that report goes on to conclude that a 1934 precedent that has

been relied on to deny the minority a right to offer recommittal instructions of its choosing was strongly decided and should be reversed.

''In my letter to the Speaker, I urged that the majority reconsider its policy of denying instructions in motions to recommit, and I quote:

''Thereby avoid future confrontations and points of order over such a fundamental guarantee of fairness.

''It was my hope that on the basis of the clear historic record behind this rule and guarantee that the Committee on Rules would not deny us our immutable right in this 102d Congress. We were promised that. Unfortunately, that was not the case here today.

''Mr. Speaker, clause (b) of House rule XI provides, and I quote:

'The Committee on Rules shall not report any rule or order of business which would prevent the motion to recommit from being made as provided in clause 4 of rule XVI.'

''That is the rule of this House. That is the rule that we live by and we have lived by for 80 years, and clause 4 of rule XVI provides, and again I quote, 'After the previous question shall have been ordered on the passage of a bill or joint resolution, one motion to recommit,' and I am quoting, 'shall be in order, and the Speaker,' Mr. Speaker, listen, 'the Speaker shall give preference in recognition for such purpose to a Member who is opposed to the bill or the joint resolution.'

''Mr. Speaker, those two clauses were adopted as amendments to House rules on March 15, 1909, when the minority party, Democrat, that is right, they were in the minority, it may have been the last time they were in the minority, joined with a group of insurgent Republicans, can Members imagine, to guarantee greater minority rights. And yes, would it not be nice if Democrats and Republicans were joining together today on this economic growth package? God forbid, I guess.

''Mr. Speaker, prior to this rule's revision, the motion to recommit was controlled by the majority party and the minority had no rights. This change was instituted for the specific purpose of giving the minority a final vote on its alternative legislative proposal through a motion to recommit with instructions.

''That is so every Member, 435 Members, can have some say, some input into legislation.

''The rule before us right now, on the other hand, provides that the motion to recommit, and I quote, 'may not contain instructions.' That means we cannot have a motion to recommit with or without instructions.

''It is, therefore, in direct violation of this rule, which was purposely designed to guarantee the minority a vote on its final proposition by way of instructions.

''Mr. Speaker, I will not again take your time and the time of this House to quote speaker after speaker after speaker over the last 80 years who have ruled that the House, that this whole purpose of this rule was to protect the right of the minority to offer its final proposition to a bill.

''Mr. Speaker, that is just a plain fact that cannot be denied or ruled away by the way of the Speaker's gavel.

''Mr. Speaker, if the Chair overrules my point of order today, not only is the minority being denied the right to offer a final amendment to the bill, it is even being denied the right to offer general instructions that the Committee on Ways and Means, and listen to this, reconsider this bill with a view to developing a bipartisan compromise.

''Mr. Speaker, that completely flies in the face not only of the legislative history behind this rule but of common sense and common decency.

''Mr. Speaker, the motion to recommit may be the last opportunity to salvage an economic growth program in this Congress this year. Without instructions, a straight motion to recommit by implication kills the bill. I hope my colleagues are listening over there. It kills the bill.

''But with instructions, the House would have an opportunity to tell the Committee on Ways and Means to get back to work.

''Mr. Speaker, I strongly urge that the Chair not render this important minority right completely null and void by overruling my point of order. Leave this institution with some measure of dignity and respect for the rights of the minority.

''Mr. Speaker, as Speaker of this House you are required by the rules of this House and by the tradition of this body and, above all else, out of fairness to represent all of the Members of this House, and it is on behalf of all 435 Members of this House on both sides of the aisle that I respectfully ask to have my point of order sustained.''.

Mr. DERRICK was recognized to speak to the point of order and said:

''Mr. Speaker, the gentleman makes the point of order that the resolution is not in order because it limits the motion to recommit in violation of clause 4(b) of rule XI.

''Mr. Speaker, I respectfully disagree and ask the Chair to overrule the point of order.

''Clause 4(b) of rule XI prohibits the Committee on Rules from reporting a rule 'which would prevent the motion to recommit from being made as provided in clause 4 of rule XVI.'

''Mr. Speaker, House Resolution 374 does not propose to prevent the minority from offering a motion to recommit, so it does not violate clause 4(b) of rule XI.

''It is now very well established under the precedents that the Committee on Rules may recommend special orders of business limiting instructions on the motion to recommit.

''This point was reaffirmed as recently as November 25, 1991, on June 4, 1991, and also on October 16, 1990, when the House tabled by a vote of 251 to 171 an appeal of the Speaker pro tempore MURTHA's overruling of a point identical to that raised by my Republican friend today.

''In a ruling on January 11, 1934, the Speaker Mr. Rainey stated that:

'The Committee on Rules may, without violating this clause, recommend a special order which limits but does not totally prohibit a motion to recommit pending passage of a bill or joint resolution such as precluding a motion containing instructions relative to certain amendments.'

''Mr. Speaker, the precedents are clear and unequivocal. If a special order of business does not deprive the minority of its right to offer a simple motion to recommit the bill or joint resolution under consideration, then it does not violate clause 4(b) of rule XI. As the Speaker pro tempore noted on October 16, 1990, clause 4 of rule XVI does not guarantee that a motion to recommit a bill may always include instructions.

''I urge the point of order be overruled.''.

Mr. WALKER was recognized to speak to the point of order and said:

''Mr. Speaker, the gentleman from South Carolina [Mr. DERRICK] has cited specific instances from the last few minutes as precedents for suggesting how the Chair should rule today. The gentleman from New York [Mr. SOLOMON] makes an absolutely valid point the Chair ought to take into consideration.

''At the time those rulings were made there was real question expressed about whether or not this was an appropriate course to be taken. The leadership of this House felt it was so questionable that they agreed to study it. The gentleman from New York received assurances that we would not proceed along this path until we had studied this matter and found out what the rights of the minority should be in these kinds of instances.

''Now what we have happening is that the very items that were considered questionable enough to call for that kind of study in the past are being cited as precedents for the Chair today.

''If the Chair ever wants to know why the minority feels at times that there is a dictatorial sense about the direction in which we are moving, this is a perfect example of where we have outrageous rulings which are questionable, which even the leadership questions, and then have those later on cited as precedents for action.

''That is precisely what is taking place here. I would hope that the Chair would not continue to rule in a manner which undermines minority rights.''.

Mr. DERRICK was further recognized to speak to the point of order, and said:

''Mr. Speaker, we also, in addition to the precedents of recent date, rely on the January 11, 1934 decision. I think the rules clearly state that the minority is entitled to a motion to recommit, but they are not entitled without question to a motion to recommit with instructions.

''We have had this same point of order brought up by the distinguished

gentleman from New York [Mr. SOLOMON] in the Committee on Rules, and ruled the same way, the chairman of the Committee on Rules did.''.

The SPEAKER pro tempore, Mr. MURTHA, overruled the point of order, and said:

''The gentleman from New York makes a point of order against House Resolution 374 on the ground that it violates clause 4(b) of rule XI, which provides that the Committee on Rules shall not report any rule or order of business that would prevent the motion to recommit from being made as provided in clause 4 of rule XVI.

''Clause 4 of rule XVI provides for one motion to recommit a bill or joint resolution after the previous question is ordered on final passage, with preference in recognition going to a Member who is opposed to the bill or joint resolution.

''The pending resolution provides that the motion to recommit H.R. 4210 pending the question of its passage may not contain instructions. It does not impair a simple motion to recommit.

''The precedent of October 16, 1990, is precisely on point. On that occasion the Committee on Rules had reported a special order of business that precluded the inclusion of instructions in the motion to recommit a bill pending the question of its passage. The present occupant of the Chair overruled the point of order, relying on precedents of the House—specifically the ruling of Speaker Rainey on January 11, 1934—holding that the Committee on Rules does not violate clause 4(b) of rule XI so long as it does not deprive the minority of the right to offer a simple motion to recommit.

''Under the precedents a special order that does not preclude a simple motion to recommit does not 'prevent the motion to recommit from being made as provided in clause 4 of rule XVI.' Clause 4 of rule XVI does not guarantee that a motion to recommit after the previous question is ordered on passage of a bill or joint resolution may always include instructions.

''The pending resolution does not 'prevent the motion to recommit from being made as provided in clause 4 of rule XVI.' The Chair will follow the precedent of October 16, 1990. The point of order is overruled.''.

Mr. SOLOMON appealed the ruling of the Chair.

Mr. DERRICK moved to lay the appeal on the table.

The question being put, viva voce,

Will the House lay on the table the appeal of the ruling of the Chair?

The SPEAKER pro tempore, Mr. MURTHA, announced that the yeas had it.

Mr. SOLOMON objected to the vote on the ground that a quorum was not present and not voting.

A quorum not being present,

The roll was called under clause 4, rule XV, and the call was taken by electronic device.

When there appeared { Yeas ..... 256 / Nays ..... 157 }

¶18.7 [Roll No. 23]

YEAS—256

Abercrombie	Glickman	Owens (NY)
Ackerman	Gonzalez	Owens (UT)
Alexander	Gordon	Pallone
Anderson	Guarini	Panetta
Andrews (ME)	Hall (OH)	Parker
Andrews (NJ)	Hall (TX)	Pastor
Andrews (TX)	Hamilton	Patterson
Annunzio	Harris	Payne (NJ)
Anthony	Hatcher	Payne (VA)
Applegate	Hayes (IL)	Pease
Aspin	Hayes (LA)	Pelosi
Atkins	Hefner	Penny
AuCoin	Hertel	Perkins
Bacchus	Hoagland	Peterson (FL)
Barnard	Hochbrueckner	Peterson (MN)
Beilenson	Horn	Pickett
Bennett	Hubbard	Pickle
Berman	Huckaby	Poshard
Bevill	Hughes	Price
Bilbray	Hutto	Rahall
Blackwell	Jacobs	Rangel
Bonior	Jefferson	Reed
Borski	Jenkins	Richardson
Boucher	Johnson (SD)	Roe
Boxer	Johnston	Roemer
Brewster	Jones (NC)	Rose
Brooks	Jontz	Rostenkowski
Browder	Kanjorski	Rowland
Brown	Kaptur	Roybal
Bruce	Kennedy	Russo
Bryant	Kennelly	Sabo
Bustamante	Kildee	Sanders
Byron	Kleczka	Sangmeister
Campbell (CO)	Kolter	Sarpalius
Cardin	Kopetski	Sawyer
Carper	Kostmayer	Scheuer
Carr	LaFalce	Schroeder
Chapman	Lancaster	Schumer
Clay	Lantos	Serrano
Clement	LaRocco	Sikorski
Collins (IL)	Laughlin	Sisisky
Collins (MI)	Lehman (CA)	Skaggs
Condit	Lehman (FL)	Skelton
Conyers	Levin (MI)	Slattery
Cooper	Levine (CA)	Slaughter
Costello	Lewis (GA)	Smith (FL)
Cox (IL)	Lipinski	Smith (IA)
Coyne	Lloyd	Solarz
Cramer	Long	Spratt
Darden	Lowey (NY)	Staggers
de la Garza	Luken	Stallings
DeFazio	Manton	Stark
DeLauro	Markey	Stenholm
Dellums	Martinez	Stokes
Derrick	Matsui	Studds
Dicks	Mavroules	Swett
Dingell	Mazzoli	Synar
Dixon	McCloskey	Tallon
Donnelly	McCurdy	Tanner
Dooley	McDermott	Taylor (MS)
Dorgan (ND)	McHugh	Thomas (GA)
Downey	McMillen (MD)	Thornton
Durbin	McNulty	Torres
Dwyer	Mfume	Torricelli
Dymally	Miller (CA)	Towns
Early	Mineta	Traficant
Edwards (CA)	Mink	Traxler
Edwards (TX)	Moakley	Unsoeld
Engel	Mollohan	Valentine
English	Montgomery	Vento
Erdreich	Moody	Visclosky
Espy	Moran	Volkmer
Evans	Mrazek	Washington
Fascell	Murphy	Waters
Fazio	Murtha	Waxman
Feighan	Nagle	Weiss
Flake	Natcher	Wheat
Foglietta	Neal (MA)	Williams
Ford (MI)	Neal (NC)	Wilson
Ford (TN)	Oakar	Wise
Frank (MA)	Oberstar	Wolpe
Frost	Obey	Wyden
Gejdenson	Olin	Yates
Gephardt	Olver	Yatron
Geren	Ortiz	
Gibbons	Orton	

NAYS—157

Allard	Barton	Boehlert
Allen	Bateman	Boehner
Armey	Bentley	Broomfield
Baker	Bereuter	Bunning
Ballenger	Bilirakis	Burton
Barrett	Bliley	Callahan
Camp	Houghton	Ravenel
Campbell (CA)	Hunter	Regula
Chandler	Hyde	Rhodes
Clinger	Inhofe	Ridge
Coble	Ireland	Riggs
Coleman (MO)	James	Rinaldo
Combest	Johnson (CT)	Ritter
Coughlin	Johnson (TX)	Roberts
Cox (CA)	Kasich	Rogers
Crane	Klug	Rohrabacher
Cunningham	Kolbe	Ros-Lehtinen
Davis	Kyl	Roth
DeLay	Lagomarsino	Roukema
Doolittle	Leach	Santorum
Dornan (CA)	Lent	Saxton
Dreier	Lewis (CA)	Schiff
Duncan	Lewis (FL)	Schulze
Edwards (OK)	Lightfoot	Sensenbrenner
Emerson	Livingston	Shaw
Ewing	Lowery (CA)	Shays
Fawell	Machtley	Shuster
Fields	Marlenee	Skeen
Fish	Martin	Smith (NJ)
Franks (CT)	McCandless	Smith (OR)
Gallegly	McCollum	Snowe
Gallo	McCrery	Solomon
Gekas	McDade	Spence
Gilchrest	McEwen	Stearns
Gillmor	McGrath	Stump
Gilman	McMillan (NC)	Sundquist
Goodling	Meyers	Taylor (NC)
Goss	Michel	Thomas (CA)
Gradison	Miller (OH)	Thomas (WY)
Grandy	Miller (WA)	Upton
Green	Molinari	Vucanovich
Gunderson	Moorhead	Walker
Hammerschmidt	Morrison	Walsh
Hancock	Myers	Weber
Hansen	Nichols	Weldon
Hastert	Nussle	Wolf
Hefley	Packard	Wylie
Henry	Paxon	Young (AK)
Herger	Petri	Young (FL)
Hobson	Porter	Zeliff
Holloway	Pursell	Zimmer
Hopkins	Quillen	
Horton	Ramstad	

NOT VOTING—21

Archer	Hoyer	Schaefer
Coleman (TX)	Jones (GA)	Sharp
Dannemeyer	Morella	Smith (TX)
Dickinson	Nowak	Swift
Eckart	Oxley	Tauzin
Gaydos	Ray	Vander Jagt
Gingrich	Savage	Whitten

So the motion to lay the appeal on the table was agreed to.

A motion to reconsider the vote whereby said motion was agreed to was, by unanimous consent, laid on the table.

When said resolution was considered.

After debate,

On motion of Mr. DERRICK, the previous question was ordered on the resolution, to its adoption or rejection.

The question being put, viva voce,

Will the House agree to said resolution?

The SPEAKER pro tempore, Mr. MURTHA, announced that the yeas had it.

Mr. SOLOMON objected to the vote on the ground that a quorum was not present and not voting.

A quorum not being present,

The roll was called under clause 4, rule XV, and the call was taken by electronic device.

When there appeared { Yeas ..... 244 / Nays ..... 178 }

¶18.8 [Roll No. 24]

YEAS—244

Abercrombie	Andrews (TX)	Bacchus
Ackerman	Annunzio	Barnard
Alexander	Anthony	Beilenson
Anderson	Applegate	Bennett
Andrews (ME)	Aspin	Berman
Andrews (NJ)	Atkins	Bevill

Bilbray
Blackwell
Bonior
Borski
Boucher
Boxer
Brewster
Brooks
Browder
Brown
Bruce
Bryant
Bustamante
Byron
Cardin
Carper
Chapman
Clay
Clement
Collins (IL)
Collins (MI)
Condit
Conyers
Cooper
Costello
Cox (IL)
Coyne
Cramer
Darden
de la Garza
DeFazio
DeLauro
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dooley
Downey
Durbin
Dwyer
Eckart
Edwards (CA)
Edwards (TX)
Engel
English
Erdreich
Espy
Evans
Fascell
Fazio
Feighan
Flake
Foglietta
Ford (MI)
Ford (TN)
Frank (MA)
Frost
Gaydos
Gejdenson
Gephardt
Geren
Gibbons
Glickman
Gonzalez
Gordon
Guarini
Hall (OH)
Hall (TX)
Harris
Hatcher
Hayes (IL)
Hayes (LA)
Hefner
Hertel
Hoagland
Hochbrueckner
Horn
Hubbard
Huckaby
Hutto
Jacobs
Jefferson
Jenkins
Johnson (SD)
Johnston
Jones (GA)
Jones (NC)
Jontz
Kanjorski
Kaptur
Kennelly
Kildee
Kleczka
Kolter
Kopetski
Kostmayer
LaFalce
Lancaster
Lantos
LaRocco
Laughlin
Lehman (CA)
Lehman (FL)
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Lloyd
Long
Lowey (NY)
Luken
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDermott
McHugh
McMillen (MD)
McNulty
Mfume
Miller (CA)
Mineta
Mink
Moakley
Mollohan
Montgomery
Moody
Moran
Mrazek
Murphy
Murtha
Nagle
Natcher
Neal (MA)
Neal (NC)
Nowak
Oakar
Oberstar
Olin
Olver
Ortiz
Orton
Owens (NY)
Owens (UT)
Pallone
Panetta
Parker
Pastor
Patterson
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Perkins
Peterson (FL)
Peterson (MN)
Pickett
Pickle
Poshard
Price
Rahall
Rangel
Reed
Richardson
Roe
Rose
Rostenkowski
Rowland
Roybal
Russo
Sabo
Sangmeister
Sarpalius
Sawyer
Scheuer
Schumer
Serrano
Sikorski
Sisisky
Skaggs
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Solarz
Spratt
Staggers
Stallings
Stark
Stenholm
Stokes
Studds
Swett
Swift
Synar
Tallon
Tanner
Tauzin
Thomas (GA)
Thornton
Torres
Torricelli
Towns
Traficant
Traxler
Unsoeld
Vento
Visclosky
Volkmer
Washington
Waters
Waxman
Weiss
Wheat
Wilson
Wise
Wolpe
Yatron

NAYS—178

Allard
Allen
Archer
Armey
AuCoin
Baker
Ballenger
Barrett
Barton
Bateman
Bentley
Bereuter
Bilirakis
Bliley
Boehlert
Boehner
Broomfield
Bunning
Burton
Callahan
Camp
Campbell (CA)
Campbell (CO)
Carr
Chandler
Clinger
Coble
Coleman (MO)
Combest
Coughlin
Cox (CA)
Crane
Cunningham
Davis
DeLay
Doolittle
Dorgan (ND)
Dornan (CA)
Dreier
Duncan
Early
Edwards (OK)
Emerson
Ewing
Fawell
Fields
Fish
Franks (CT)
Gallegly
Gallo
Gekas
Gilchrest
Gillmor
Gilman
Gingrich
Goodling
Goss
Gradison
Grandy
Green
Gunderson
Hamilton
Hammerschmidt
Hancock
Hansen
Hastert
Hefley
Henry
Herger
Hobson
Holloway
Hopkins
Horton
Houghton
Hughes
Hunter
Inhofe
Ireland
James
Johnson (CT)
Johnson (TX)
Kasich
Kennedy
Klug
Kolbe
Kyl
Lagomarsino
Leach
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Lowery (CA)
Machtley
Marlenee
Martin
McCandless
McCollum
McCrery
McDade
McEwen
McGrath
McMillan (NC)
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Moorhead
Morella
Morrison
Myers
Nichols
Nussle
Obey
Oxley
Packard
Paxon
Petri
Porter
Pursell
Quillen
Ramstad
Ravenel
Ray
Regula
Rhodes
Ridge
Riggs
Rinaldo
Ritter
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Sanders
Santorum
Saxton
Schaefer
Schiff
Schroeder
Schulze
Sensenbrenner
Shaw
Shays
Shuster
Skeen
Smith (NJ)
Smith (OR)
Snowe
Solomon
Spence
Stearns
Stump
Sundquist
Taylor (MS)
Taylor (NC)
Thomas (CA)
Thomas (WY)
Upton
Vucanovich
Walker
Walsh
Weber
Weldon
Williams
Wolf
Wyden
Wylie
Yates
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—12

Coleman (TX)
Dannemeyer
Dickinson
Dymally
Hoyer
Hyde
Savage
Sharp
Smith (TX)
Valentine
Vander Jagt
Whitten

So the resolution was agreed to.

A motion to reconsider the vote whereby said resolution was agreed to was, by unanimous consent, laid on the table.

¶18.9 TAX RELIEF AND ECONOMIC GROWTH

The SPEAKER pro tempore, Mr. MURTHA, pursuant to House Resolution 374 and rule XXIII, declared the House resolved into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 4210) to amend the Internal Revenue Code of 1986 to provide incentives for increased economic growth and to provide tax relief for families.

The SPEAKER pro tempore, Mr. MURTHA, by unanimous consent, designated Mr. DERRICK as Chairman of the Committee of the Whole; and after some time spent therein,

¶18.10 RECORDED VOTE

A recorded vote by electronic device was ordered in the Committee of the Whole on the following amendment in the nature of a substitute:

TITLE I—ACCELERATED GROWTH

SEC. 101. SHORT TITLE, ETC.

(a) SHORT TITLE.—This title may be cited as the ''Economic Growth Acceleration Act of 1992''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 SHALL NOT APPLY.—Except as otherwise expressly provided, no amendment made by this title shall be treated as a change in rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) TABLE OF CONTENTS.—

TABLE OF CONTENTS

TITLE I—ACCELERATED GROWTH

Sec. 101. Short title, etc.
Subtitle A—Provisions Relating to Capital Gains
Sec. 111. Reduction in capital gains tax for noncorporate taxpayers.
Sec. 112. Recapture under section 1250 of total amount of depreciation.
Subtitle B—Provisions Relating to Passive Losses and Depreciation
Sec. 121. Passive loss relief for real estate developers.
Sec. 122. Special allowance for equipment acquired in 1992.
Sec. 123. Elimination of ACE depreciation adjustment.
Subtitle C—Provisions Relating to Real Estate Investments by Pension Funds
Sec. 131. Real property acquired by a qualified organization.
Sec. 132. Special rules for investments in partnerships.
Subtitle D—Provisions Affecting Homebuyers
Sec. 141. Credit for first-time homebuyers.
Sec. 142. Penalty-free withdrawals for first home purchase.

Subtitle A—Provisions Relating to Capital Gains

SEC. 111. REDUCTION IN CAPITAL GAINS TAX FOR NONCORPORATE TAXPAYERS.

(a) GENERAL RULE.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by adding at the end thereof the following new section:

"SEC. 1202. REDUCTION IN CAPITAL GAINS TAX FOR NONCORPORATE TAXPAYERS.

''(a) DEDUCTION ALLOWED FOR CAPITAL GAINS.—

''(1) IN GENERAL.—If, for any taxable year, a taxpayer other than a corporation has a net capital gain, an amount equal to the sum of the applicable percentages of the applicable capital gain shall be allowed as a deduction.

''(2) ESTATES AND TRUSTS.—In the case of an estate or trust, the deduction under paragraph (1) shall be computed by excluding the portion (if any) of the gains for the taxable year from sales or exchanges of capital assets which, under section 652 and 662 (relating to inclusions of amounts in gross income of beneficiaries of trusts), is includible by income beneficiaries (other than corporations) as gain derived from the sale or exchange of capital assets.

''(b) APPLICABLE PERCENTAGES.—For purposes of this subsection, the applicable percentages shall be the percentages determined in accordance with the following table:

"In the case of:	**The applicable percentage is:**
1-year gain	15
2-year gain	30
3-year gain	45

''(c) GAIN TO WHICH DEDUCTION APPLIES.—For purposes of this section—

''(1) APPLICABLE CAPITAL GAIN.—The term 'applicable capital gain' means 1-year gain, 2-year gain, or 3-year gain determined by taking into account only gain which is properly taken into account on or after February 1, 1992.

''(2) 3-YEAR GAIN.—The term '3-year gain' means the lesser of—

''(A) the net capital gain for the taxable year, or

''(B) the long-term capital gain determined by taking into account only gain from the sale or exchange of qualified assets held more than 3 years.

''(3) 2-YEAR GAIN.—The term '2-year gain' means the lesser of—

''(A) the net capital gain for the taxable year, reduced by 3-year gain, or

''(B) the long-term capital gain determined by taking into account only gain from the sale or exchange of qualified assets held more than 2 years but not more than 3 years.

''(4) 1-YEAR GAIN.—The term '1-year gain' means the net capital gain for the taxable year determined by taking into account only—

''(A) gain from the sale or exchange of assets held more than 1 year but not more than 2 years, and

''(B) losses from the sale or exchange of assets held more than 1 year.

''(5) SPECIAL RULES FOR GAIN ALLOCABLE TO PERIODS BEFORE 1994.—For purposes of this section—

''(A) GAIN ALLOCABLE TO PERIODS BEGINNING ON OR AFTER FEBRUARY 1, 1992 AND BEFORE 1993.—In the case of any gain from any sale or exchange which is properly taken into account for the period beginning on February 1, 1992 and ending on December 31, 1992, gain which is 1-year gain or 2-year gain (without regard to this subparagraph) shall be treated as 3-year gain.

''(B) GAIN ALLOCABLE TO 1993.—In the case of any gain from any sale or exchange which is properly taken into account for periods during 1993, gain which is 1-year gain or 2-year gain (without regard to this subparagraph) shall be treated as 2-year gain and 3-year gain, respectively.

''(6) SPECIAL RULES FOR PASS-THROUGH ENTITIES.—

''(A) IN GENERAL.—In applying this subsection with respect to any pass-through entity, the determination of when a sale or exchange has occurred shall be made at the entity level.

''(B) PASS-THROUGH ENTITY DEFINED.—For purposes of subparagraph (A), the term 'pass-through entity' means—

''(i) a regulated investment company,

''(ii) a real estate investment trust,

''(iii) an S corporation,

''(iv) a partnership,

''(v) an estate or trust, and

''(vi) a common trust fund.

''(7) RECAPTURE OF NET ORDINARY LOSS UNDER SECTION 1231.—For purposes of this subsection, if any amount is treated as ordinary income under section 1231(c) for any taxable year—

''(A) the amount so treated shall be allocated proportionately among the section 1231 gains (as defined in section 1231(a)) for such taxable year, and

''(B) the amount so allocated to any such gain shall reduce the amount of such gain.''

(b) TREATMENT OF COLLECTIBLES.—

(1) IN GENERAL.—Section 1222 is amended by inserting after paragraph (11) the following new paragraph:

''(12) SPECIAL RULE FOR COLLECTIBLES.—

''(A) IN GENERAL.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

''(B) TREATMENT OF CERTAIN SALES OF INTEREST IN PARTNERSHIP, ETC.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

''(C) COLLECTIBLE.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof).''

(2) CHARITABLE DEDUCTION NOT AFFECTED.—

(A) Paragraph (1) of section 170(e) is amended by adding at the end thereof the following new sentence: ''For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles).''

(B) Clause (iv) of section 170(b)(1)(C) is amended by inserting before the period at the end thereof the following: ''and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)''.

(c) MINIMUM TAX.—Section 56(b)(1) is amended by adding at the end thereof the following new subparagraph:

''(F) CAPITAL GAINS DEDUCTION DISALLOWANCE.—The deduction under section 1202 shall not be allowed.''

(d) CONFORMING AMENDMENTS.—

(1) Section 62(a) is amended by inserting after paragraph (13) the following new paragraph:

''(14) CAPITAL GAINS DEDUCTION.—The deduction allowed by section 1202.''

(2) Clause (ii) of section 163(d)(4)(B) is amended by inserting '', reduced by the amount of any deduction allowable under section 1202 attributable to gain from such property'' after ''investment''.

(3)(A) Subparagraph (B) of section 170(e)(1) is amended by inserting ''the nondeductible percentage'' before ''the amount of gain''.

(B) Paragraph (1) of section 170(e) is amended by adding at the end thereof the following new sentence: ''For purposes of subparagraph (B), the term 'nondeductible percentage' means 100 percent minus the applicable percentage with respect to such property under section 1202(b), or, in the case of a corporation, 100 percent.''

(4)(A) Paragraph (2) of section 172(d) (relating to modifications with respect to net operating loss deduction) is amended to read as follows:

''(2) CAPITAL GAINS AND LOSSES OF TAXPAYERS OTHER THAN CORPORATIONS.—In the case of a taxpayer other than a corporation—

''(A) the amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includible on account of gains from sales or exchanges of capital assets; and

''(B) the deduction provided by section 1202 shall not be allowed.''

(B) Subparagraph (B) of section 172(d)(4) is amended by inserting '', (2)(B),'' after ''paragraph (1)''.

(5)(A) Section 221 (as redesignated by section 224(a) of this Act) is amended to read as follows:

"SEC. 221. CROSS REFERENCES.

"(1) For deductions for net capital gains in the case of a taxpayer other than a corporation, see section 1202.

"(2) For deductions in respect of a decedent, see section 691."

(B) The table of sections for part VII of subchapter B of chapter 1 (as amended by section 224(c) of this Act) is amended by striking ''reference'' in the item relating to section 221 and inserting ''references''.

(6) Paragraph (4) of section 642(c) is amended to read as follows:

''(4) ADJUSTMENTS.—To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain from the sale or exchange of capital assets held for more than 1 year, proper adjustment shall be made for any deduction allowable to the estate or trust under section 1202 (relating to deduction for net capital gain). In the case of a trust, the deduction allowed by this subsection shall be subject to section 681 (relating to unrelated business income).''

(7) Paragraph (3) of section 643(a) is amended by adding at the end thereof the following new sentence: ''The deduction under section 1202 (relating to deduction for net capital gain) shall not be taken into account.''

(8) Subparagraph (C) of section 643(a)(6) is amended—

(A) by inserting ''(i)'' before ''there'', and

(B) by inserting '', and (ii) the deduction under section 1202 (relating to deduction for excess of capital gains over capital losses) shall not be taken into account'' before the period at the end thereof.

(9) Paragraph (4) of section 691(c) is amended by striking ''1202, and 1211'' and inserting ''1201, 1202, and 1211''.

(10) The second sentence of paragraph (2) of section 871(a) is amended by inserting ''such gains and losses shall be determined without regard to section 1202 (relating to deduction for net capital gain) and'' after ''except that''.

(11) Paragraph (1) of section 1402(i) is amended to read as follows:

''(1) IN GENERAL.—In determining the net earnings from self-employment of any options dealer or commodities dealer—

''(A) notwithstanding subsection (a)(3)(A), there shall not be excluded any gain or loss (in the normal course of the taxpayer's activity of dealing in or trading section 1256 contracts) from section 1256 contracts or property related to such contracts, and

''(B) the deduction provided by section 1202 shall not apply.''

(12)(A) Subparagraph (A) of section 7518(g)(6) is amended by striking the last sentence.

(B) Subparagraph (A) of section 607(h)(6) of the Merchant Marine Act of 1936, is amended by striking the last sentence.

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

''Sec. 1202. Reduction in capital gains tax for noncorporate taxpayers.''

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years ending on or after February 1, 1992.

(2) TREATMENT OF COLLECTIBLES.—

(A) IN GENERAL.—The amendment made by subsection (b) shall apply to taxable years beginning on or after February 1, 1993.

(B) SPECIAL RULE FOR 1992 TAXABLE YEAR.—In the case of any taxable year which includes February 1, 1992, for purposes of section 1202 of the Internal Revenue Code of 1986 and section 1(g) of such Code, any gain or loss from the sale or exchange of a collectible (within the meaning of section 1222(12) of such Code) shall be treated as gain or loss from a sale or exchange occurring before such date.

SEC. 112. RECAPTURE UNDER SECTION 1250 OF TOTAL AMOUNT OF DEPRECIATION.

(a) GENERAL RULE.—Subsections (a) and (b) of section 1250 (relating to gain from disposition of certain depreciable realty) are amended to read as follows:

''(a) GENERAL RULE.—Except as otherwise provided in this section, if section 1250 property is disposed of, the lesser of—

''(1) the depreciation adjustments in respect to such property, or

''(2) the excess of—

''(A) the amount realized (or, in the case of a disposition other than a sale, exchange, or involuntary conversion, the fair market value of such property), over

''(B) the adjusted basis of such property,

shall be treated as gain which is ordinary income. Such gain shall be recognized notwithstanding any other provision of this subtitle.

''(b) DEPRECIATION ADJUSTMENTS.—For purposes of this section, the term 'depreciation

adjustments' means, in respect of any property, all adjustments attributable to periods after December 31, 1968, reflected in the adjusted basis of such property on account of deductions (whether in respect of the same or other property) allowed or allowable to the taxpayer or to any other person for exhaustion, wear and tear, obsolescence, or amortization (other than amortization under section 168 (as in effect before its repeal by the Tax Reform Act of 1976), 169, 185 (as in effect before its repeal by the Tax Reform Act of 1986), 188, 190, or 193). For purposes of the preceding sentence, if the taxpayer can establish by adequate records or other sufficient evidence that the amount allowed as a deduction for any period was less than the amount allowable, the amount taken into account for such period shall be the amount allowed.''

(b) LIMITATION IN CASE OF INSTALLMENT SALES.—Subsection (i) of section 453 is amended—

(1) by striking ''1250'' the first place it appears and inserting ''1250 (as in effect on the day before the date of enactment of the Economic Growth Acceleration Act of 1992)'', and

(2) by striking ''1250'' the second place it appears and inserting ''1250 (as so in effect)''.

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (E) of section 1250(d)(4) is amended—

(A) by striking ''additional depreciation'' and inserting ''amount of the depreciation adjustments'', and

(B) by striking ''ADDITIONAL DEPRECIATION'' in the subparagraph heading and inserting ''DEPRECIATION ADJUSTMENTS''.

(2) Subparagraph (B) of section 1250(d)(6) is amended to read as follows:

''(B) DEPRECIATION ADJUSTMENTS.—In respect of any property described in subparagraph (A), the amount of the depreciation adjustments attributable to periods before the distribution by the partnership shall be—

''(i) the amount of gain to which subsection (a) would have applied if such property had been sold by the partnership immediately before the distribution at its fair market value at such time, reduced by

''(ii) the amount of such gain to which section 751(b) applied.''

(3) Subsection (d) of section 1250 is amended by striking paragraph (10).

(4) Section 1250 is amended by striking subsections (e) and (f) and by redesignating subsections (g) and (h) as subsections (e) and (f), respectively.

(5) Paragraph (5) of section 48(q) is amended to read as follows:

''(5) RECAPTURE OF REDUCTION.—For purposes of sections 1245 and 1250, any reduction under this subsection shall be treated as a deduction allowed for depreciation.''

(6) Clause (i) of section 267(e)(5)(D) is amended by striking ''section 1250(a)(1)(B)'' and inserting ''section 1250(a)(1)(B) (as in effect on the day before the date of enactment of the Economic Growth Acceleration Act of 1992)''.

(7)(A) Subsection (a) of section 291 is amended by striking paragraph (1) and by redesignating paragraphs (2), (3), (4), and (5) as paragraphs (1), (2), (3), and (4), respectively.

(B) Subsection (c) of section 291 is amended to read as follows:

''(c) SPECIAL RULE FOR POLLUTION CONTROL FACILITIES.—Section 168 shall apply with respect to that portion of the basis of any property not taken into account under section 169 by reason of subsection (a)(4).''

(C) Section 291 is amended by striking subsection (d) and redesignating subsection (e) as subsection (d).

(D) Paragraph (2) of section 291(d) (as redesignated by subparagraph (C)) is hereby repealed.

(E) Subparagraph (A) of section 265(b)(3) is amended by striking ''291(e)(1)(B)'' and inserting ''291(d)(1)(B)''.

(F) Subsection (c) of section 1277 is amended by striking ''291(e)(1)(B)(ii)'' and inserting ''291(d)(1)(B)(ii)''.

(8) Subsection (d) of section 1017 is amended to read as follows:

''(d) RECAPTURE OF DEDUCTIONS.—For purposes of sections 1245 and 1250—

''(1) any property the basis of which is reduced under this section and which is neither section 1245 property nor section 1250 property shall be treated as section 1245 property, and

''(2) any reduction under this section shall be treated as a deduction allowed for depreciation.''

(9) Paragraph (5) of section 7701(e) is amended by striking ''(relating to low-income housing)'' and inserting ''(as in effect on the day before the date of enactment of the Economic Growth Acceleration Act of 1992)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to dispositions made on or after February 1, 1992, in taxable years ending on or after such date.

Subtitle B—Provisions Relating to Passive Losses and Depreciation

SEC. 121. PASSIVE LOSS RELIEF FOR REAL ESTATE DEVELOPERS.

(a) TREATMENT OF REAL ESTATE DEVELOPMENT ACTIVITIES.—Subsection (c) of section 469 (relating to the limitation on passive activity losses and credits) is amended by adding at the end the following new paragraph:

''(7) REAL ESTATE DEVELOPMENT ACTIVITY.—The real estate development activity of a taxpayer shall be treated as a single trade or business activity that is not a rental activity.''

(b) DEFINITION.—Subsection (j) of section 469 is amended by adding at the end thereof the following new paragraph:

''(13) REAL ESTATE DEVELOPMENT ACTIVITY.—

''(A) IN GENERAL.—The real estate development activity of a taxpayer shall include all activities of the taxpayer (determined without regard to subsection (c)(7) and this paragraph) in which the taxpayer actively participates and that consist of the performance of real estate development services and the rental of any qualified real property.

''(B) REAL ESTATE DEVELOPMENT SERVICES.—For purposes of this paragraph, real estate development services include only the construction, substantial renovation, and management of real property and the lease-up and sale of real property in which the taxpayer holds an interest of not less than 10 percent.

''(C) QUALIFIED REAL PROPERTY.—For purposes of this paragraph, real property is qualified real property if the taxpayer materially participated in the construction or substantial renovation of such property.''

(c) EFFECTIVE DATE.—The amendments made by this section are effective for taxable years ending on or after December 31, 1992.

SEC. 122. SPECIAL ALLOWANCE FOR EQUIPMENT ACQUIRED IN 1992.

(a) IN GENERAL.—Section 168 is amended by adding at the end thereof the following new subsection:

''(j) SPECIAL RULE FOR EQUIPMENT ACQUIRED IN 1992.—

''(1) ADDITIONAL ALLOWANCE.—There shall be allowed, in addition to the reasonable allowance provided for by section 167(a), a depreciation deduction determined under paragraph (2) with respect to qualified equipment.

''(2) DETERMINATION OF ADDITIONAL ALLOWANCE.—

''(A) IN GENERAL.—The additional allowance shall equal 15 percent of the purchase price of the qualified equipment.

''(B) PURCHASE PRICE.—For purposes of paragraph (A), the purchase price of qualified equipment shall equal its cost to the taxpayer. In the case of self-constructed property that is qualified equipment under paragraph (4)(D), cost is determined on the date the property is placed in service.

''(3) WHEN ADDITIONAL ALLOWANCE MAY BE CLAIMED.—The additional allowance may be claimed in the tax year in which the qualified equipment is placed in service.

''(4) DEFINITIONS AND SPECIAL RULES.—

''(A) QUALIFIED EQUIPMENT.—For purposes of this subsection, the term 'qualified equipment' means property that—

''(i) is new property,

''(ii) is section 1245 property (within the meaning of section 1245(a)(3)),

''(iii) is—

''(I) acquired on or after February 1, 1992, but only if no binding contract for the acquisition was in effect before that date, or

''(II) acquired pursuant to a binding contract entered into on or after February 1, 1992, and before January 1, 1993,

''(iv) is placed in service before July 1, 1993, and

''(v) is not defined as disqualified property in regulations prescribed by the Secretary.

''(B) NEW PROPERTY.—For purposes of this paragraph, property is new property if the original use of the property commences with the taxpayer and commences on or after February 1, 1992. Except as otherwise provided in regulations, repaired or reconstructed property is not new property, regardless of the extent of the repairs or reconstruction.

''(C) ACQUIRE.—For purposes of this paragraph, a taxpayer is considered to 'acquire' property on the date the taxpayer obtains physical control or possession of the property, or on such other date as the Secretary may prescribe by regulations.

''(D) SPECIAL RULE FOR SELF-CONSTRUCTED PROPERTY.—If a taxpayer manufactures, constructs, or produces property for the taxpayer's own use, the property shall be treated as 'qualified equipment' only if—

''(i) the property meets the requirements of clauses (i), (ii), (iv), and (v) of paragraph (4)(A), and

''(ii) the taxpayer begins manufacturing, constructing, or producing the property on or after February 1, 1992, and before January 1, 1993.

''(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection.''

(b) BASIS ADJUSTMENTS.—Subsection (c) of section 167 is amended by adding at the end thereof the following new sentence: ''If a taxpayer claims the additional allowance provided by section 168(j) with respect to qualified equipment in a taxable year, the basis of the qualified equipment is reduced under section 1016 by the amount of the additional allowance before the depreciation deduction under paragraph (a) is determined for that taxable year.''

(c) ALTERNATIVE MINIMUM TAX.—Paragraph (1) of section 56(a) is amended—

(1) by inserting ''or (iii)'' after ''(ii)'' in subparagraph (A)(i), and

(2) by adding at the end thereof the following new clause:

''(iii) The additional allowance provided by section 168(j) for certain equipment shall apply in determining the amount of alternative minimum taxable income. The basis adjustment required for the additional allowance provided by section 168(j) shall be made before the depreciation deduction allowable in determining alternative minimum taxable income under this paragraph is determined.''

(d) CROSS REFERENCE.—Subsection (e) of section 1016 is amended by adding at the end thereof the following new paragraph:

"(3) For the order in which basis adjustments should be made for depreciation in the case of property with respect to which the special additional allowance is claimed under section 168(j), see section 167(c)."

(e) EFFECTIVE DATE.—The amendments made by this section are effective February 1, 1992.

SEC. 123. ELIMINATION OF ACE DEPRECIATION ADJUSTMENT.

(a) GENERAL RULE.—Clause (i) of section 56(g)(4)(A) is amended to read as follows:

''(i) PROPERTY PLACED IN SERVICE AFTER 1989 AND PRIOR TO FEBRUARY 1, 1992.—The depreciation deduction with respect to any property placed in service—

''(I) in a taxable year beginning after 1989, and

''(II) prior to February 1, 1992,

shall be determined under the alternative system of section 168(g).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply for property placed in service on or after February 1, 1992.

Subtitle C—Provisions Relating to Real Estate Investments by Pension Funds

SEC. 131. REAL PROPERTY ACQUIRED BY A QUALIFIED ORGANIZATION.

(a) INTERESTS IN MORTGAGES.—The last sentence of subparagraph (B) of section 514(c)(9) is hereby transferred to subparagraph (A) of section 514(c)(9) and added at the end thereof.

(b) MODIFICATIONS OF EXCEPTIONS.—Paragraph (9) of section 514(c) is amended by adding at the end thereof the following new subparagraph:

''(G) SPECIAL RULES FOR PURPOSES OF THE EXCEPTIONS.—For purposes of section 514(c)(9)(B), except as otherwise provided by regulations, the following additional rules apply—

''(i) IN GENERAL.—

''(I) For purposes of clauses (iii) and (iv) of subparagraph (B), a lease to a person described in clause (iii) or (iv) shall be disregarded if no more than 10 percent of the leasable floor space in a building is covered by the lease and if the lease is on commercially reasonable terms.

''(II) Clause (v) of subparagraph (B) shall not apply to the extent the financing is commercially reasonable and is on substantially the same terms as loans involving unrelated persons; for this purpose, standards for determining a commercially reasonable interest rate shall be provided by the Secretary.

''(ii) QUALIFYING SALES OUT OF FORECLOSURE BY FINANCIAL INSTITUTIONS.—In the case of a qualifying sale out of foreclosure by a financial institution, clauses (i) and (ii) of subparagraph (B) shall not apply. For this purpose, a 'qualifying sale out of foreclosure by a financial institution' exists where—

''(I) a qualified organization acquires real property from a person (a 'financial institution') described in sections 581 or 591(a) (including a person in receivership) and the financial institution acquired the property pursuant to a bid at foreclosure or by operation of an agreement or of process of law after a default on indebtedness which the property secured ('foreclosure'), and the financial institution treats any income realized from the sale or exchange of the property as ordinary income,

''(II) the amount of the financing provided by the financial institution does not exceed the amount of the financial institution's outstanding indebtedness (determined without regard to accrued but unpaid interest) with respect to the property at the time of foreclosure,

''(III) the financing provided by the financial institution is commercially reasonable and is on substantially the same terms as loans between unrelated persons for sales of foreclosed property (for this purpose, standards for determining a commercially reasonable interest rate shall be provided by the Secretary), and

''(IV) the amount payable pursuant to the financing that is determined by reference to the revenue, income, or profits derived from the property ('participation feature') does not exceed 25 percent of the principal amount of the financing provided by the financial institution, and the participation feature is payable no later than the earlier of satisfaction of the financing or disposition of the property.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt-financed acquisitions of real estate made on or after February 1, 1992.

SEC. 132. SPECIAL RULES FOR INVESTMENTS IN PARTNERSHIPS.

(a) MODIFICATION TO ANTI-ABUSE RULES.—Paragraph (9) of section 514(c) (as amended by section 131 of this Act) is amended by adding at the end thereof the following new subparagraph:

''(H) PARTNERSHIPS NOT INVOLVING TAX AVOIDANCE.—

''(i) DE MINIMIS RULE FOR CERTAIN LARGE PARTNERSHIPS.—The provisions of subparagraph (B) shall not apply to an investment in a partnership having at least 250 partners if—

''(I) investments in the partnership are organized into units that are marketed primarily to individuals expected to be taxed at the maximum rate prescribed for individuals under section 1.

''(II) at least 50 percent of each class of interests is owned by such individuals,

''(III) the partners that are qualified organizations owning interests in a class participate on substantially the same terms as other partners owning interests in that class, and

''(IV) the principal purpose of partnership allocations is not tax avoidance.

''(ii) EXCEPTION WHERE TAXABLE PERSONS OWN A SIGNIFICANT PERCENTAGE.—In the case of any partnership, other than a partnership to which clause (i) applies, in which persons who are expected (under the regulations to be prescribed by the Secretary), at the time the partnership is formed, to pay tax at the maximum rate prescribed in section 1 or 11 (whichever is applicable) throughout the term of the partnership own at least a 25 percent interest, the provisions of subparagraph (B) shall not apply if the partnership satisfies the requirements of subparagraph (E).''

(b) PUBLICLY TRADED PARTNERSHIPS; UNRELATED BUSINESS INCOME FROM PARTNERSHIPS.—Subsection (c) of section 512 is amended by striking paragraph (2) (relating to publicly traded partnerships), by redesignating paragraph (3) as paragraph (2), and by striking ''paragraph (1) or (2)'' in paragraph (2) (as so redesignated) and inserting ''paragraph (1)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership interests acquired on or after February 1, 1992.

Subtitle D—Provisions Affecting Homebuyers

SEC. 141. CREDIT FOR FIRST-TIME HOMEBUYERS.

(a) IN GENERAL.—Subpart A of part IV of chapter 1 is amended by inserting after section 22 the following new section:

"SEC. 23. PURCHASE OF PRINCIPAL RESIDENCE BY FIRST-TIME HOMEBUYER.

''(a) ALLOWANCE OF CREDIT.—If an individual who is a first-time homebuyer purchases a principal residence (within the meaning of section 1034), there shall be allowed to such individual as a credit against the tax imposed by this subtitle an amount equal to 10 percent of the purchase price of the principal residence.

''(b) LIMITATIONS.—

''(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) shall not exceed $5,000.

''(2) LIMITATION TO ONE RESIDENCE.—The credit under this section shall be allowed with respect to only one residence of the taxpayer.

''(3) MARRIED INDIVIDUALS FILING JOINTLY.—In the case of a husband and wife who file a joint return under section 6013, the credit under this section is allowable only if both the husband and wife are first-time homebuyers, and the amount specified under paragraph (1) shall apply to the joint return.

''(4) OTHER TAXPAYERS.—In the case of individuals to whom paragraph (3) does not apply who together purchase the same new principal residence for use as their principal residence, the credit under this section is allowable only if each of the individuals is a first-time homebuyer, and the sum of the amount of credit allowed to such individuals shall not exceed the lesser of $5,000 or 10 percent of the total purchase price of the residence. The amount of any credit allowable under this section shall be apportioned among such individuals under regulations to be prescribed by the Secretary.

''(5) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year, reduced by the sum of any other credits allowable under this chapter.

''(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) PURCHASE PRICE.—The term 'purchase price' means the adjusted basis of the principal residence on the date of the acquisition thereof.

''(2) FIRST-TIME HOMEBUYER.—

''(A) IN GENERAL.—The term 'first-time homebuyer' means any individual if such individual has not had a present ownership interest in any residence (including an interest in a housing cooperative) at any time within the 36-month period ending on the date of acquisition of the residence on which the credit allowed under subsection (a) is to be claimed. An interest in a partnership, S corporation, or trust that owns an interest in a residence is not considered an interest in a residence for purposes of this paragraph except as may be provided in regulations.

''(B) CERTAIN INDIVIDUALS.—Notwithstanding subparagraph (A), an individual is not a first-time homebuyer on the date of purchase of a residence if on that date the running of any period of time specified in section 1034 is suspended under subsection (h) or (k) of section 1034 with respect to that individual.

''(3) SPECIAL RULES FOR CERTAIN ACQUISITIONS.—No credit is allowable under this section if—

''(A) the residence is acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b), or

''(B) the basis of the residence in the hands of the person acquiring it is determined—

''(i) in whole or in part by reference to the adjusted basis of such residence in the hands of the person from whom it is acquired, or

''(ii) under section 1014(a) (relating to property acquired from a decedent).

''(d) RECAPTURE FOR CERTAIN DISPOSITIONS.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), if the taxpayer disposes of property with respect to the purchase of which a credit was allowed under subsection (a) at any time within 36 months after the date the taxpayer acquired the property as his principal residence, then the tax imposed under this chapter for the taxable year in which the disposition occurs is increased by an amount equal to the amount allowed as a credit for the purchase of such property.

''(2) ACQUISITION OF NEW RESIDENCE.—If, in connection with a disposition described in paragraph (1) and within the applicable period prescribed in section 1034, the taxpayer purchases a new principal residence, then the provisions of paragraph (1) shall not apply and the tax imposed by this chapter for the taxable year in which the new principal residence is purchased is increased to the extent the amount of the credit that could be claimed under this section on the purchase of the new residence (determined without regard to subsection (e)) is less than the amount of credit claimed by the taxpayer under this section.

''(3) DEATH OF OWNER; CASUALTY LOSS; INVOLUNTARY CONVERSION; ETC.—The provisions of paragraph (1) do not apply to—

''(A) a disposition of a residence made on account of the death of any individual having a legal or equitable interest therein occurring during the 36-month period to which reference is made under paragraph (1),

''(B) a disposition of the old residence if it is substantially or completely destroyed by a casualty described in section 165(c)(3) or compulsorily or involuntarily converted (within the meaning of section 1033(a)), or

''(C) a disposition pursuant to a settlement in a divorce or legal separation proceeding where the residence is sold or the other spouse retains the residence as a principal residence.

''(e) PROPERTY TO WHICH SECTION APPLIES.—

''(1) IN GENERAL.—The provisions of this section apply to a principal residence if—

''(A) the taxpayer acquires the residence on or after February 1, 1992, and before January 1, 1993, or

''(B) the taxpayer enters into, on or after February 1, 1992, and before January 1, 1993, a binding contract to acquire the residence, and acquires and occupies the residence before July 1, 1993.''

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of chapter 1 is amended by inserting after section 22 the following new item:

''Sec. 23. Purchase of principal residence by first-time homebuyer.''

(c) EFFECTIVE DATE.—The amendments made by this section are effective on February 1, 1992.

SEC. 142. PENALTY-FREE WITHDRAWALS FOR FIRST HOME PURCHASE.

(a) IN GENERAL.—Paragraph (2) of section 72(t) (relating to exceptions to 10-percent additional tax on early distributions from qualified retirement plans), as amended by section 213 of this Act, is further amended by adding at the end thereof the following new subparagraph:

''(E) DISTRIBUTION FROM INDIVIDUAL RETIREMENT PLAN FOR FIRST HOME PURCHASE.—A distribution to an individual from an individual retirement plan with respect to which the requirements of paragraph (7) are met.''

(b) DEFINITIONS.—Subsection (t) of section 72 is amended by adding at the end thereof the following new paragraph:

''(6) REQUIREMENTS APPLICABLE TO FIRST HOME PURCHASE DISTRIBUTION.—For purposes of paragraph (2)(E)—

''(A) IN GENERAL.—The requirements of this paragraph are met with respect to a distribution if—

''(i) DOLLAR LIMIT.—The amount of the distribution does not exceed the excess (if any) of—

''(I) $10,000, over

''(II) the sum of the distributions to which paragraph (2)(E) previously applied with respect to the individual who is the owner of the individual retirement plan.

''(ii) USE OF DISTRIBUTION.—The distribution—

''(I) is made to or on behalf of a qualified first home purchaser, and

''(II) is applied within 60 days of the date of distribution to the purchase or construction of a principal residence of such purchaser.

''(iii) ELIGIBLE PLANS.—The distribution is not made from an individual retirement plan which—

''(I) is an inherited individual retirement plan (within the meaning of section 408(d)(3)(C)(ii)), or

''(II) any part of the contributions to which were excludable from income under section 402(c), 402(a)(7), 403(a)(4), or 403(b)(8).

''(B) QUALIFIED FIRST HOME PURCHASER.—For purposes of this paragraph, the term 'qualified first home purchaser' means the individual who is the owner of the individual retirement plan, but only if—

''(i) such individual (and, if married, such individual's spouse) had no present ownership interest in a residence at any time within the 36-month period ending on the date for which the distribution is applied pursuant to subparagraph (A)(ii), and

''(ii) subsection (h) or (k) of section 1034 did not suspend the running of any period of time specified in section 1034 with respect to such individual on the day before the date the distribution is applied pursuant to subparagraph (A)(ii).

''(C) SPECIAL RULE WHERE DELAY IN ACQUISITION.—If any distribution from an individual retirement plan fails to meet the requirements of subparagraph (A) solely by reason of a delay or cancellation of the purchase or construction of the residence, the amount of the distribution may be contributed to an individual retirement plan as provided in section 408(d)(3)(A)(i), except that—

''(i) section 408(d)(3)(B) shall not be applied to such contribution, and

''(ii) such amount shall not be taken into account—

''(I) in determining whether section 408(d)(3)(A)(i) applies to any other amount, or

''(II) for purposes of subclause (II) of subparagraph (A)(i).

''(D) PRINCIPAL RESIDENCE.—For purposes of this paragraph, the term 'principal residence' has the meaning given such term by section 1034.

''(E) OWNER.—For purposes of this paragraph, the term 'owner' means, with respect to any individual retirement plan, the individual with respect to whom such plan was established.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions on or after February 1, 1992.

TITLE II—TAX RELIEF FOR FAMILIES

SEC. 201. SHORT TITLE, ETC.

(a) SHORT TITLE.—This title may be cited as the ''Tax Relief for Families Act of 1992''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 SHALL NOT APPLY.—Except as otherwise expressly provided, no amendment made by this title shall be treated as a change in rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) TABLE OF CONTENTS.—

TABLE OF CONTENTS

TITLE II—TAX RELIEF FOR FAMILIES

Sec. 201. Short title, etc.

Subtitle A—Provisions Relating to Education and Savings

Sec. 211. Deduction for interest on certain educational loans.
Sec. 212. Flexible individual retirement accounts.
Sec. 213. Penalty-free withdrawals for certain educational and medical expenses.

Subtitle B—Other Provisions

Sec. 221. Casualty loss on sale of home; basis adjustment.
Sec. 222. Family tax allowance.
Sec. 223. Extend health insurance deduction for self-employed.
Sec. 224. Adoption expenses.
Sec. 225. Public transit fringe benefit exclusion.

Subtitle A—Provisions Relating to Education and Savings

SEC. 211. DEDUCTION FOR INTEREST ON CERTAIN EDUCATIONAL LOANS.

(a) IN GENERAL.—Paragraph (2) of section 163(h) is amended by striking ''and'' at the end of subparagraph (D), by redesignating subparagraph (E) as subparagraph (F), and by inserting after subparagraph (D) the following new subparagraph:

''(E) any qualified educational interest (within the meaning of paragraph (5)), and''.

(b) QUALIFIED EDUCATIONAL INTEREST DEFINED.—Subsection (h) of section 163 is amended by redesignating paragraph (5) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:

''(5) For purposes of this subsection—

''(A) QUALIFIED EDUCATIONAL INTEREST.—The term ''qualified educational interest'' means interest which is paid during the taxable year on qualified educational indebtedness.

''(B) QUALIFIED EDUCATIONAL INDEBTEDNESS.—The term ''qualified educational indebtedness'' means any loan—

''(i) which is provided—

''(I) pursuant to a Federal, State, or State-based guarantee program or insurance program,

''(II) by an organization described in section 501(c)(3) and exempt from tax under section 501(a),

''(III) by a financial institution under a supplemental education program which requires that payments be made to the educational institution referred to in subparagraph (C)(i), or

''(IV) by an institution that is an eligible educational institution (defined in subparagraph (E)) on the date the loan is provided, and

''(ii) which is incurred to pay qualified educational expenses which are paid or incurred at a time that is reasonably contemporaneous (as defined in regulations prescribed by the Secretary) with the time the loan proceeds are received.

''(C) QUALIFIED EDUCATIONAL EXPENSES.—

''(i) IN GENERAL.—The term 'qualified educational expenses' means qualified tuition and related expenses of the taxpayer, the taxpayer's spouse or child (as defined in section 151(c)(3)) for attendance at an institution that is an eligible educational institution (as defined in subparagraph (E)) at the time of attendance, provided that the person in attendance at such institution is a qualified individual.

''(ii) QUALIFIED TUITION AND RELATED EXPENSES.—The term 'qualified tuition and related expenses' has the meaning given such term by section 117(b), except that such term shall include any reasonable living expenses of the qualified individual while living away from home and attending the educational institution referred to in clause (i).

''(iii) EXCLUSION OF REIMBURSED EXPENSES.—If the taxpayer, or the taxpayer's spouse or child, is reimbursed for tuition or a related expense by someone other than the taxpayer or the taxpayer's spouse or child, the tuition or related expense shall not be 'qualified tuition and related expenses' to the extent of the reimbursement.

''(iv) COORDINATION WITH SAVINGS BOND PROVISIONS.—The amount of qualified tuition and related expenses for any taxable year shall be reduced by any amount excludable from gross income for that year under section 135.

''(D) QUALIFIED INDIVIDUAL.—An individual is a 'qualified individual' if the individual—

''(i) is either—

''(I) a high school graduate, or

''(II) over 18 years of age, and

''(ii) is enrolled in a course of study—

''(I) leading to a degree or certificate, or

''(II) related to existing or future full-time employment.

''(E) ELIGIBLE EDUCATIONAL INSTITUTION.—An institution is an 'eligible educational institution' if it is described in section 481(a) of the Higher Education Act of 1965 and is eligible to participate in programs under title IV of such Act.

''(F) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this paragraph, including regulations—

''(i) precluding treatment of artificial loan arrangements as qualified educational indebtedness,

''(ii) specifying reasonable repayment terms for qualified educational indebtedness, and

''(iii) providing rules for the application of this paragraph to loans incurred before February 1, 1992.''

(c) COORDINATION WITH QUALIFIED RESIDENCE INTEREST PROVISION.—

(1) LIMITATION.—Clause (ii) of section 163(h)(3)(C) is amended—

(i) by striking ''(ii) LIMITATION.—The'' and inserting the following:

''(ii) LIMITATIONS.—''

''(I) The'',

(ii) by moving the text of such clause 2 ems to the right, and

(iii) by adding at the end thereof the following new subclause:

''(II) Except as provided in clause (iii), the aggregate amount treated as home equity indebtedness for any period (after the application of subclause (I)) shall be reduced by any amount treated by the taxpayer as qualified educational indebtedness under subsection (h)(5).''

(2) ELECTION.—Subparagraph (C) of section 163(h)(3) is amended by adding at the end thereof the following new clause:

''(iii) If the taxpayer elects not to treat otherwise qualified educational indebtedness as qualified educational indebtedness, the reduction required by subparagraph (C)(ii)(II) shall not apply for that taxable year.''

(d) EXCLUSION FROM DEFINITION OF INVESTMENT INTEREST.—Subparagraph (B) of section 163(d)(3) (defining investment interest) is amended by striking ''or'' at the end of clause (i), striking the period at the end of clause (ii) and inserting '', or'', and inserting after clause (ii) the following new clause:

''(iii) any qualified educational interest (as defined in subsection (h)(5)).''

(e) INFORMATION REPORTING.—

(1) REPORTING REQUIREMENT.—Subpart B of part III of subchapter A of chapter 61 is amended by adding at the end thereof the following new section:

"SEC. 6050O. RETURNS RELATING TO EDUCATIONAL INTEREST.

''(a) EDUCATIONAL INTEREST OF $10 OR MORE.—Any person who receives from any individual interest aggregating $10 or more for any calendar year on an educational loan described in section 163(h)(5)(B) shall make the return described in subsection (b) with respect to each individual from whom such interest was received at such time as the Secretary may by regulations prescribe.

''(b) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

''(1) is in such form as the Secretary may prescribe,

''(2) contains—

''(A) the name and address of the individual from whom the interest described in subsection (a) was received,

''(B) the amount of such interest received for the calendar year, and

''(C) such other information as the Secretary may prescribe.

''(c) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

''(1) the name and address of the person required to make such return, and

''(2) the aggregate amount of interest described in subsection (a) received by the person required to make such return from the individual to whom the statement is required to be furnished.

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.''

(2) CLERICAL AMENDMENT.—The table of sections for such subpart B is amended by adding at the end thereof the following:

Sec. 6050O. Returns regarding educational interest.''

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to interest paid on or after July 1, 1992.

SEC. 212. FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS.

(a) IN GENERAL.—Subchapter B of chapter 1 (relating to computation of taxable income) is amended by adding at the end thereof the following new part:

''PART XII—FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS

''Sec. 292. Special rules for flexible individual retirement accounts.

"SEC. 292. SPECIAL RULES FOR FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS.

''(a) GENERAL RULE.—For purposes of this title, in the case of a flexible individual retirement account—

''(1) the taxation of such account shall be determined under subsection (d), and

''(2) the taxation of any distributions from such account shall be determined under subsection (e).

''(b) FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNT DEFINED.—For purposes of this section, the term 'flexible individual retirement account' means a trust created or organized in the United States for the exclusive benefit of an individual and the individual's beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

''(1) No contribution will be accepted unless it is in cash, and contributions will not be accepted for the taxable year on behalf of any individual in excess of $2,500.

''(2) The trustee is a bank (as defined in section 408(n)) or such other person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the trust will be consistent with the requirements of this section.

''(3) No part of the trust assets will be invested in insurance contracts or collectibles (within the meaning of section 408(m)).

''(4) The interest of the individual in the balance in such individual's account is nonforfeitable.

''(5) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

''(c) CONTRIBUTIONS TO FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS.—

''(1) FORM OF CONTRIBUTION.—No amount may be contributed to a flexible individual retirement account unless such amount is paid in cash by or on behalf of the individual for whom such account is maintained.

''(2) CONTRIBUTION LIMITS.—

''(A) IN GENERAL.—Except as provided in this subsection, the aggregate amount of contributions for any taxable year to all flexible individual retirement accounts maintained for the benefit of an individual shall not exceed the lesser of—

''(i) $2,500, or

''(ii) an amount equal to the compensation includible in the individual's gross income for such taxable year.

''(B) MARRIED INDIVIDUALS FILING JOINT RETURNS.—For purposes of subparagraph (A)(ii), in the case of married individuals filing a joint return under section 6013 for the taxable year, the compensation of each of such individuals for such taxable year shall be treated as equal to one-half of the aggregate compensation of both individuals.

''(C) COMPENSATION.—For purposes of this paragraph, the term 'compensation' has the meaning given such term by section 219(f)(1).

''(3) LIMITATION BASED ON ADJUSTED GROSS INCOME.—

''(A) IN GENERAL.—No contribution may be made during a taxable year to a flexible individual retirement account maintained for the benefit of the taxpayer if the taxpayer's adjusted gross income exceeds the applicable dollar amount.

''(B) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph, the term 'applicable dollar amount' means—

''(i) in the case of a taxpayer filing a joint return, $120,000,

''(ii) in the case of a taxpayer who is a surviving spouse (as defined in section 2(a)) or who is a head of a household (as defined in section 2(b)), $100,000, or

''(iii) in the case of any other taxpayer, $60,000.

''(C) SPECIAL RULE FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—In the case of a married individual filing a separate return whose adjusted gross income does not exceed the applicable dollar limit, such individual's adjusted gross income shall be treated as exceeding such limit if the aggregate adjusted gross income of such individual and the individual's spouse exceeds $120,000.

''(D) MARITAL STATUS.—Subparagraph (C) shall not apply to any individual who is not treated as married under the rules of section 219(g)(4).

''(E) ADJUSTED GROSS INCOME.—For purposes of this paragraph, the term 'adjusted gross income' has the meaning given such term by section 219(g)(3)(A).

''(4) NO CONTRIBUTION IN CASE OF DEPENDENTS.—No contribution may be made during a taxable year to a flexible individual retirement account maintained for the benefit of an individual with respect to whom a deduction under section 151(c) is allowable to another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins.

''(5) TRANSFERS PERMITTED.—

''(A) IN GENERAL.—In the case of a transfer by a trustee of a flexible individual retirement account maintained for the benefit of an individual to a trustee of another flexible individual retirement account maintained for the benefit of such individual, such transfer shall not be treated as a contribution for purposes of this section.

''(B) INFORMATION PROVIDED.—A trustee making a transfer described in subparagraph (A) shall provide to the other trustee such information as the Secretary requires to carry out the purposes of this section.

''(d) TAX TREATMENT OF ACCOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), a flexible individual retirement account is exempt from taxation under this subtitle.

''(2) UNRELATED BUSINESS INCOME.—A flexible individual retirement account shall be subject to the tax imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc. organizations).

''(3) POOLING ARRANGEMENTS PERMITTED.—A common trust fund or common investment fund consisting of flexible individual retirement accounts assets which is exempt from taxation under this subtitle shall not be treated as failing to be exempt from taxation under this subtitle solely by reason of the participation or inclusion in such fund of assets of—

''(A) a trust exempt from taxation under section 501(a) which is part of a plan described in section 401(a), or

''(B) an individual retirement plan exempt from taxation under section 408(e)(1).

''(4) CESSATION OF TREATMENT AS ACCOUNT.—

''(A) IN GENERAL.—If during any taxable year of an individual for whom a flexible individual retirement account is maintained the requirements of subsection (b) are not met with respect to such account, the account shall cease to be a flexible individual retirement account as of the first day of such taxable year.

''(B) ACCOUNT TREATED AS DISTRIBUTING ALL ITS ASSETS.—In any case in which any account ceases to be a flexible individual retirement account by reason of subparagraph (A) on the first day of any taxable year, subsection (e) shall apply as if there were a distribution immediately before the account ceased to be a flexible individual retirement account in an amount equal to the fair market value (on such first day) of all assets in the account (on such first day).

''(e) TAX TREATMENT OF DISTRIBUTIONS.—

''(1) IN GENERAL.—Except as provided in this subsection, any amount paid or distributed out of a flexible individual retirement account shall not be included in the gross income of the distributee.

''(2) EXCEPTION FOR EARNINGS ON CONTRIBUTIONS HELD LESS THAN 7 YEARS.—

''(A) IN GENERAL.—Any amount distributed out of a flexible individual retirement account which consists of earnings allocable to contributions made to the account during the 7-year period ending on the day before such distribution shall be included in the gross income of the distributee for the taxable year in which the distribution occurs.

''(B) 10-PERCENT ADDITIONAL TAX ON EARNINGS ON CONTRIBUTIONS HELD LESS THAN 3 YEARS.—

''(i) IN GENERAL.—If any amount described in subparagraph (A) consists of earnings allocable to contributions made during the 3-year period ending on the day before the distribution, the tax imposed by this chapter on the distributee for the taxable year in which such distribution occurs shall be increased by an amount equal to 10 percent of such earnings.

''(ii) EXCEPTION FOR DISTRIBUTIONS ON DEATH.—Clause (i) shall not apply to distributions made to a beneficiary (or the estate of the individual) on the death of the individual.

''(C) ORDERING RULE.—

''(i) FIRST-IN, FIRST-OUT RULE.—Distributions from a flexible individual retirement account shall be treated as having been made—

''(I) first from the earliest contribution (and earnings allocable thereto) remaining in the account at the time of the distribution, and

''(II) then from other contributions (and earnings allocable thereto) in the order in which made.

''(ii) ALLOCATIONS BETWEEN CONTRIBUTIONS AND EARNINGS.—Any portion of a distribution allocated to a contribution (and earnings allocable thereto) shall be treated as allocated first to the earnings and then to the contribution.

''(iii) ALLOCATION OF EARNINGS.—Earnings shall be allocated to a contribution in such manner as the Secretary may by regulations prescribe.

''(iv) CONTRIBUTIONS IN THE SAME YEAR.—Under regulations, all contributions made during the same taxable year may be treated as 1 contribution for purposes of this subparagraph.

''(3) OTHER AMOUNTS TREATED AS DISTRIBUTIONS.—For purposes of this subsection—

''(A) IN GENERAL.—In the case of any distributable event—

''(i) there shall be treated as distributed during the taxable year in which the event occurs to the individual for whom the flexible individual retirement account is maintained an amount equal to the distributable amount, and

''(ii) any earnings after the date of the distributable event which (as determined under regulations) are allocable to the distributable amount shall be treated as distributed to such individual in the taxable year in which earned.

''(B) TAX TREATMENT OF AMOUNTS.—

''(i) IN GENERAL.—Except as provided in this subparagraph, paragraph (2) shall apply to any amount treated as distributed under subparagraph (A).

''(ii) SUBSEQUENT EARNINGS.—Notwithstanding paragraph (2), any earnings treated as distributed under subparagraph (A)(ii)—

''(I) shall be included in gross income in the taxable year in which treated as distributed, and

''(II) shall be subject to the additional tax under paragraph (2)(B) for such taxable year, except that paragraph (2)(B) shall be applied by substituting '20 percent' for '10 percent'.

''(iii) EXCEPTION FOR EXCESS CONTRIBUTIONS.—In the case of a distributable event described in subparagraph (C)(ii) (relating to excess contributions) which occurs by reason of a contribution not permitted under subsection (c)(4), any amount required to be included in gross income (or any additional tax imposed) by reason of this paragraph shall be included in the gross income of (or imposed on) the taxpayer entitled to the deduction under section 151(c) for the individual for whom the account is maintained.

''(iv) ACTUAL DISTRIBUTIONS.—If any portion of any distributable amount and any earnings allocable to such amount are actually distributed from the account during any taxable year, this paragraph shall cease to apply to any earnings attributable to such portion for periods following such distribution.

''(C) DISTRIBUTABLE EVENT.—For purposes of this paragraph, the following are distributable events:

''(i) The use of a flexible individual retirement account (or any portion thereof) as security for a loan.

''(ii) Except as provided in paragraph (4), a contribution to a flexible individual retirement account in excess of the amount allowed under subsection (c).

''(iii) Any other event to the extent, and subject to such terms and conditions, as the Secretary may prescribe by regulations in order to accomplish the purposes of, or to prevent abuse of, this section.

''(D) DISTRIBUTABLE AMOUNT.—For purposes of this paragraph, the term 'distributable amount' means the following:

''(i) In the case of a distributable event described in subparagraph (C)(i), the amount in the account used as security for a loan.

''(ii) In the case of a distributable event described in subparagraph (C)(ii), the amount of the excess contribution.

''(iii) In any other case, the amount determined under regulations.

''(4) EXCESS CONTRIBUTIONS RETURNED BEFORE DUE DATE OF RETURN.—

''(A) IN GENERAL.—Paragraph (2) shall not apply to the distribution of any contribution paid during a taxable year to a flexible individual retirement account to the extent that such contribution exceeds the amount allowable under subsection (c) by reason of paragraph (3) or (4) thereof if—

''(i) at the time of making such contribution, the taxpayer in good faith believed that—

''(I) in any case to which subsection (c)(3) applies, the taxpayer's adjusted gross income would not exceed the applicable dollar limit under subsection (c)(3), or

''(II) in any case to which subsection (c)(4) applies, the individual for whom the account is maintained would not be the dependent of any individual for purposes of section 151(c),

''(ii) such distribution is received on or before the last day of the taxable year following such taxable year, and

''(iii) such distribution is accompanied by the amount of earnings actually attributable to such excess contribution.

''(B) LIMITATION ON AMOUNT.—Subparagraph (A) shall apply only to that portion of the amount of the distributions which does not exceed the limitation under subsection (c)(2) (and earnings actually attributable to such portion).

''(C) EARNINGS.—Any earnings described in subparagraph (A)(iii) shall be included in the gross income of the individual for whom the account is established (or in the case described in subclause (II) of subparagraph (A)(i), the taxpayer entitled to the deduction under section 151(c)) for the taxable year in which it is received.

''(5) TRANSFERS.—

''(A) IN GENERAL.—Paragraph (2) shall not apply to any distribution which is a transfer to which subsection (c)(5) applies.

''(B) CONTRIBUTION PERIOD FOR AMOUNTS TRANSFERRED.—For purposes of paragraph (2), the flexible individual retirement account to which any amounts are transferred in a transfer to which subsection (c)(5) applies shall be treated as having held such amounts during any period such amounts were held (or treated as held under this subparagraph) by the account from which transferred.

''(6) TRANSFER OF ACCOUNT INCIDENT TO DIVORCE.—Rules similar to the rules of section 408(d)(6) shall apply to a flexible individual retirement account.

''(f) OTHER RULES.—

''(1) DISALLOWANCE OF LOSSES.—No loss shall be allowed in connection with a contribution to, or distribution from, a flexible individual retirement account.

''(2) DISTRIBUTION INCLUDES PAYMENT.—For purposes of this section, the term 'distribution' includes any payment, and the term 'distributee' includes any payee.

''(3) COMMUNITY PROPERTY LAWS.—This section shall be applied without regard to any community property laws.

''(4) CUSTODIAL ACCOUNTS.—For purposes of this section, a custodial account shall be treated as a trust if—

''(A) The assets of such account are held by a bank (as defined in section 408(n)) or such other person who demonstrates, to the satisfaction of the Secretary, that the manner in which such other person will administer the account will be consistent with the requirements of this section, and

''(B) the custodial account would, except for the fact that it is not a trust, constitute a flexible individual retirement account described in subsection (b).

For purposes of this title, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

''(g) REPORTS.—The trustee of a flexible individual retirement account shall make such reports regarding such account to the Secretary and to the individual for whose benefit the account is maintained with respect to contributions (and the years to which such contributions relate), distributions and such other matters as the Secretary may require under regulations. Such reports shall be filed with the Secretary and furnish to such individuals at such time and in such manner as the Secretary may prescribe.

''(h) CERTAIN TRANSFERS FROM INDIVIDUAL RETIREMENT PLANS.—

''(1) QUALIFIED TRANSFERS NOT TREATED AS CONTRIBUTIONS.—A qualified transfer from an individual retirement plan to a flexible individual retirement account shall not be treated as a contribution for purposes of this section.

''(2) TAX TREATMENT OF AMOUNTS TRANSFERRED.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, in the case of a qualified transfer—

''(i) there shall be included in gross income any amount which, but for the qualified transfer, would be includible in gross income, but

''(ii) section 72(t) shall not apply to such amount.

''(B) TIME FOR INCLUSION.—Any amount includible in gross income under subparagraph (A) with respect to the amount transferred shall be includible ratably over the 4-taxable year period beginning in the taxable year in which the amount was paid or distributed out of the individual retirement plan.

''(3) QUALIFIED TRANSFER.—For purposes of this section, the term 'qualified transfer' means a transfer to a flexible individual retirement account that—

''(A) is made from an individual retirement plan out of amounts that are not attributable to contributions that were excludable from income under section 402(a)(5), 402(a)(7), 403(a)(4), or 403(b)(8),

''(B) is made to a flexible individual retirement account contributions to which are not prohibited under paragraph (3) or (4) of subsection (c),

''(C) meets the requirements of section 408(d)(3), and

''(D) is made between February 1, 1992 and December 31, 1992.

''(i) CROSS REFERENCE.—

"For taxes on prohibited transactions involving a flexible individual retirement account, see section 4975."

(b) TAX ON PROHIBITED TRANSACTIONS.—Section 4975 (relating to prohibited transactions) is amended—

(1) by inserting '', or a flexible individual retirement account described in section 292(b)'' after ''described in section 408(b)'' in subsection (e)(1), and

(2) by adding at the end of subsection (h) the following new sentence: ''This subsection shall not apply to any tax imposed with respect to a flexible individual retirement account (as defined in section 292(b)).''

(c) FAILURE TO PROVIDE REPORTS ON FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS.—Section 6693 (relating to a failure to provide reports on individual retirement accounts or annuities) is amended—

(1) by inserting **"OR ON FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS"** after **"ANNUITIES"** in the heading of such section, and

(2) by adding at the end of subsection (a) the following new sentence: ''The person required by section 292(g) to file a report regarding a flexible individual retirement account at the time and in the manner required by such section shall pay a penalty of $50 for each failure unless it is shown that such failure is due to reasonable cause.''

(d) COMMON FUNDS.—Section 408(e)(6) is amended to read as follows:

''(6) COMMINGLING INDIVIDUAL RETIREMENT ACCOUNT AMOUNTS IN CERTAIN COMMON TRUST FUNDS AND COMMON INVESTMENT FUNDS.—Any common trust fund or common investment fund consisting of individual retirement account assets which is exempt from taxation under this subtitle does not cease to be exempt on account of the participation or inclusion of assets of—

''(A) a trust exempt from taxation under section 501(a) which is part of a plan described in section 401(a), or

''(B) a flexible individual retirement account exempt from taxation under section 292.''

(e) CLERICAL AMENDMENTS.—

(1) The table of parts for subchapter B of chapter 1 is amended by adding at the end thereof the following new item:

''Part XII. Flexible individual retirement accounts.''

(2) The table of sections for subchapter B of chapter 68 is amended by inserting ''or on flexible individual retirement accounts'' after ''annuities'' in the item relating to section 6693.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 213. PENALTY-FREE WITHDRAWALS FOR CERTAIN EDUCATIONAL AND MEDICAL EXPENSES.

(a) IN GENERAL.—Paragraph (2) of section 72(t) (relating to exceptions to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end thereof the following new subparagraph:

''(D) DISTRIBUTIONS FROM CERTAIN PLANS FOR EDUCATIONAL EXPENSES.—Distributions to an individual from an individual retirement plan to the extent such distributions do not exceed the qualified higher education expenses (as defined in paragraph (6)) of the taxpayer for the taxable year.''

(b) FINANCIALLY DEVASTATING MEDICAL EXPENSES.—

(1) IN GENERAL.—Section 72(t)(3)(A) is amended by striking ''(B),''.

(2) APPLICATION OF MEDICAL RULES TO CERTAIN RELATIVES.—Section 72(t)(2)(B) is amended by adding at the end thereof the following new sentence: ''For purposes of this subparagraph, a child, grandchild, or lineal ascendant of the taxpayer shall be treated as a dependent of the taxpayer in applying section 213.''

(c) DEFINITIONS.—Section 72(t) is amended by adding at the end thereof the following new paragraph:

''(6) QUALIFIED HIGHER EDUCATION EXPENSES.—For purposes of paragraph (2)(D)—

''(A) IN GENERAL.—The term 'qualified higher education expenses' means tuition, fees, books, supplies, and equipment required for the enrollment or attendance of—

''(i) the taxpayer,

''(ii) the taxpayer's spouse, or

''(iii) the taxpayer's child (as defined in section 151(c)(3)),

at an eligible educational institution (as defined in section 163(h)(5)(E)).

''(B) COORDINATION WITH SAVINGS BOND PROVISIONS.—The amount of qualified higher education expenses for any taxable year shall be reduced by any amount excludable from gross income under section 135.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments and distributions on or after February 1, 1992.

Subtitle B—Other Provisions

SEC. 221. CASUALTY LOSS ON SALE OF HOME; BASIS ADJUSTMENT.

(a) CASUALTY LOSS.—Paragraph (3) of section 165(c) is amended by striking the period and inserting '', or from the sale of a principal residence (within the meaning of section 1034).''

(b) $100 LIMITATION TO APPLY.—Paragraph (1) of section 165(h) is amended by inserting '', or from each sale of a principal residence,'' after ''theft,''.

(c) BASIS ADJUSTMENT.—Section 1016 is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) INCREASE IN BASIS OF NEW PRINCIPAL RESIDENCE.—

''(1) IN GENERAL.—If—

''(A) the taxpayer sells property used by the taxpayer as his principal residence (within the meaning of section 1034) ('the old principal residence') and realizes a loss on the sale, and

''(B) the taxpayer purchases a new principal residence (within the meaning of section 1034) within the time period described in section 1034(a) (and taking into account any suspension of such period under section 1034(h) or (k)),

the basis of the new principal residence shall be increased by the amount of the loss realized on the sale of the old principal residence, less the amount treated under regulations prescribed by the Secretary as a casualty loss arising from the sale of the old principal residence.

''(2) REGULATIONS.—The Secretary shall prescribe regulations for determining the amount that shall be treated as a casualty loss arising from the sale of the old principal residence.''

(d) CROSS REFERENCES.—

(1) Subsection (m) of section 165 is amended by adding at the end thereof the following new paragraph:

''(6) For adjustments to basis of a new principal residence where a loss is claimed under this section on sale of a principal residence, see section 1016(e) and section 1034.''

(2) Subsection (l) of section 1034 is amended by adding at the end thereof the following new sentence: ''For adjustments to basis of the new principal residence on sale of the old principal residence at a loss, see section 1016(e).''

(3) The heading of paragraph (1) of section 1034 is amended by striking ''REFERENCE'' and inserting ''REFERENCES''.

(e) EFFECTIVE DATE.—

(1) CASUALTY LOSS.—The amendments made by subsections (a) and (b) apply to sales of principal residences on or after February 1, 1992.

(2) BASIS ADJUSTMENT.—The amendments made by subsections (c) and (d) apply to sales of principal residences on or after January 1, 1991.

SEC. 222. FAMILY TAX ALLOWANCE.

(a) GENERAL RULE.—Paragraph (1) of section 151(d) (defining exemption amount) is amended to read as follows:

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'exemption amount' means—

''(A) $2,000, or

''(B) in the case of an exemption under subsection (c) for a child who has not attained age 19 before the close of the calendar year in which the taxable year begins—

''(i) $2,425 for taxable years beginning in 1992, and

''(ii) $2,800 for taxable years beginning in 1993 and subsequent years.''

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 151(d)(3) of such Code is amended by striking ''the exemption amount'' and inserting ''each dollar amount in effect under paragraph (1) (after any adjustment under paragraph (4))''.

(2) Subparagraph (A) of section 151(d)(4) of such Code is amended—

(A) by striking ''the dollar amount contained in'' and inserting ''the dollar amounts contained in subparagraph (A) and subparagraph (B)(ii) of'', and

(B) by adding at the end thereof the following new sentence: ''In the case of the $2,800 amount contained in subparagraph (B)(ii), the preceding sentence shall be applied by substituting '1992' for '1989' the first place it appears, and by substituting '1991' for '1988'.''

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective October 1, 1992.

SEC. 223. EXTEND HEALTH INSURANCE DEDUCTION FOR SELF-EMPLOYED.

(a) EXTENSION.—Paragraph (6) of section 162(l) (relating to special rules for health insurance costs of self-employed individuals) is amended by striking ''June 30, 1992'' and inserting ''December 31, 1993''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 224. ADOPTION EXPENSES.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 is amended by redesignating section 220 as section 221 and by inserting after section 219 the following new section:

"SEC. 220. SPECIAL NEEDS ADOPTION EXPENSES DEDUCTION.

''(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction for the taxable year the amount of the qualified adoption expenses paid or incurred by the individual for such taxable year.

''(b) LIMITATIONS.—

''(1) MAXIMUM DOLLAR AMOUNT.—The aggregate amount of adoption expenses which may be taken into account under subsection (a) with respect to the adoption of a child shall not exceed $3,000.

''(2) DENIAL OF DOUBLE BENEFIT.—

''(A) IN GENERAL.—No deduction shall be allowable under subsection (a) for any expense for which a deduction or credit is allowable under any other provision of this chapter.

''(B) REIMBURSEMENTS.—No deduction shall be allowable under subsection (a) for any qualified adoption expenses for which a taxpayer is reimbursed. If a taxpayer is reimbursed for qualified adoption expenses for which a deduction was allowed under subsection (a) in a prior taxable year, the amount of such reimbursement shall be includible in the gross income of the taxpayer in the taxable year in which such reimbursement is received.

''(c) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED ADOPTION EXPENSES.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorneys fees, and other expenses which—

''(A) are directly related to the legal adoption of a child with special needs by the taxpayer,

''(B) are not incurred in violation of State or Federal law, and

''(C) are of a type eligible for reimbursement under the adoption assistance program under part E of title IV of the Social Security Act.

''(2) CHILD WITH SPECIAL NEEDS.—The term 'child with special needs' means any child determined by the State to be a child described in paragraphs (1) and (2) of section 473(c) of the Social Security Act.''

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting after paragraph (13) the following new paragraph:

''(14) ADOPTION EXPENSES.—The deduction allowed by section 220 (relating to deduction for expenses of adopting a child with special needs).''

(c) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the item relating to section 220 and by inserting the following new items:

''Sec. 220. Special needs adoption expenses deduction.

''Sec. 221. Cross reference.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to adoptions on or after February 1, 1992.

SEC. 225. PUBLIC TRANSIT FRINGE BENEFIT EXCLUSION.

(a) Paragraph (4) of section 132(h) (providing special rules for determining the fringe benefits excluded from income under section 132) is amended to read as follows:

''(4) CERTAIN EMPLOYER-PROVIDED TRANSPORTATION EXPENSES.—The term 'working condition fringe' includes—

''(A) parking provided to an employee on or near the business premises of the employer, and

''(B) passes, tokens, fare cards, tickets or similar instruments for commuting by public transit provided to an employee at a discount by the employer, or reimbursements by the employer to cover all or part of the costs of such instruments, to the extent that the total amount of such discounts or reimbursements does not exceed $60 per month.''

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective for discounts and reimbursements provided on or after February 1, 1992.

TITLE III—LONG TERM GROWTH

SEC. 301. SHORT TITLE, ETC.

(a) SHORT TITLE.—This title may be cited as the ''Long Term Growth Act of 1992''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 SHALL NOT APPLY.—Except as otherwise expressly provided, no amendment made by this title shall be treated as a change in rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) TABLE OF CONTENTS.—

TABLE OF CONTENTS

TITLE III—LONG TERM GROWTH

Sec. 301. Short title, etc.

Subtitle A—Extension of Expiring Provisions

Sec. 311. Credit for research and experimentation.
Sec. 312. Allocation of research and experimental expenditures.
Sec. 313. Extension of low-income housing credit.
Sec. 314. Extension of targeted jobs tax credit.
Sec. 315. Extension of solar and geothermal investment credit.
Sec. 316. Qualified small issue bonds.
Sec. 317. Qualified mortgage bonds.
Sec. 318. Expenses for drugs for rare conditions.

Subtitle B—Provisions Relating to Enterprise Zones

PART I—GENERAL PROVISIONS

Sec. 321. Short title.
Sec. 322. Purpose.
Sec. 323. Effective date.

PART II—DESIGNATION OF ENTERPRISE ZONES

Sec. 324. Designation of zones.
Sec. 325. Reporting requirements.
Sec. 326. Interaction with other federal programs.

PART III—FEDERAL INCOME TAX INCENTIVES

Sec. 327. Definitions and regulations; employee credit; capital gain exclusion; stock expensing.
Sec. 328. Alternative minimum tax.
Sec. 329. Adjusted gross income defined.

PART IV—ESTABLISHMENT OF FOREIGN-TRADE ZONES IN ENTERPRISE ZONES

Sec. 330. Foreign-trade zone preferences.

Subtitle C—Excise Tax Provisions

Sec. 341. Repeal of luxury excise tax on boats and aircraft.
Sec. 342. Repeal of exemption for the use of diesel fuel in pleasure boats.
Sec. 343. Additional services subject to communications excise tax.
Sec. 344. Repeal of exemption for certain coin-operated telephone service.

Subtitle D—Provisions Related to Retirement Savings and Pension Distributions

Sec. 351. Taxability of beneficiary of qualified plan.
Sec. 352. Simplified method for taxing annuity distributions under certain employer plans.
Sec. 353. Requirement that qualified plans include optional trustee-to-trustee transfers of eligible rollover distributions.
Sec. 354. Salary reduction arrangements of simplified employee pensions.
Sec. 355. Tax exempt organizations eligible under section 401(k).
Sec. 356. Duties of sponsors of certain prototype plans.
Sec. 357. Simplification of nondiscrimination tests applicable under sections 401(k) and 401(m).
Sec. 358. Definition of highly compensated employee.
Sec. 359. Elimination of special vesting rule for multiemployer plans.

Subtitle E—Other Provisions

PART I—PROVISIONS RELATING TO CHARITABLE CONTRIBUTIONS

Sec. 361. The alternative minimum tax.
Sec. 362. Allocation and apportionment.
Sec. 363. Information reporting of large donations.

PART II—OTHER PROVISIONS

Sec. 371. Extend Medicare hospital insurance (HI) coverage to all state and local employees.
Sec. 372. Conform tax accounting to financial accounting for securities dealers.
Sec. 373. Disallowance of interest deductions on corporate owned life insurance.
Sec. 374. Clarification of treatment of certain FSLIC assistance.
Sec. 375. Equalizing tax treatment of large credit unions and thrifts.
Sec. 376. Treatment of annuities without life contingencies.
Sec. 377. Expansion of 45-day interest-free period.
Sec. 378. Use of taxpayer information by Department of Veterans Affairs.

Subtitle A—Extension of Expiring Provisions

SEC. 311. CREDIT FOR RESEARCH AND EXPERIMENTATION.

(a) PERMANENT CREDIT.—Section 41 (relating to the credit for increasing research activities) is amended by striking subsection (h).

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 28(b) is amended by striking subparagraph (D).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after June 30, 1992.

SEC. 312. ALLOCATION OF RESEARCH AND EXPERIMENTAL EXPENDITURES.

(a) EXTENSION.—Paragraph (5) of section 864(f) (relating to allocation of research and experimental expenditures) is amended to read as follows:

''(5) YEARS TO WHICH RULE APPLIES.—This subsection shall apply to the taxpayer's first 4 taxable years beginning after August 1, 1989, and on or before August 1, 1993.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after August 1, 1991.

SEC. 313. EXTENSION OF LOW-INCOME HOUSING CREDIT.

(a) EXTENSION.—

(1) Paragraph (1) of section 42(o) is amended—

(A) by striking ''to any amount allocated after June 30, 1992'' and inserting ''for any calendar year after 1993'', and

(B) by striking ''June 30, 1992'' in subparagraph (B) and inserting ''1993''.

(2) Paragraph (2) of section 42(o) is amended—

(A) by striking ''July 1, 1992'' each place it appears and inserting ''1994'',

(B) by striking ''June 30, 1992'' in subparagraph (B) and inserting ''December 31, 1993'',

(C) by striking ''June 30, 1994'' in subparagraph (B) and inserting ''December 31, 1995'', and

(D) by striking ''July 1, 1994'' in subparagraph (C) and inserting ''January 1, 1996''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 1991.

SEC. 314. EXTENSION OF TARGETED JOBS TAX CREDIT.

(a) EXTENSION.—Section 51(c)(4) is amended by striking ''June 30, 1992'' and inserting ''December 31, 1993''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to individuals who begin work after June 30, 1992.

SEC. 315. EXTENSION OF SOLAR AND GEOTHERMAL INVESTMENT CREDIT.

(a) EXTENSION.—Section 48(a)(2)(B) is amended by striking ''June 30, 1992'' and inserting ''December 31, 1993''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to periods after June 30, 1992.

SEC. 316. QUALIFIED SMALL ISSUE BONDS.

(a) IN GENERAL.—Subparagraph (B) of section 144(a)(12) (relating to manufacturing facilities and farm property) is amended to read as follows:

''(B) BONDS ISSUED TO FINANCE FARM PROPERTY.—In the case of any bond issued as part of an issue, 95 percent or more of the net proceeds of which are to be used to provide any land or property in accordance with section 147(c)(2), subparagraph (A) shall be applied by substituting 'December 31, 1993' for 'December 31, 1986'.''

(b) CONFORMING AMENDMENT.—Section 144(a)(12) (defining manufacturing facility) is amended by striking subparagraph (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after June 30, 1992.

SEC. 317. QUALIFIED MORTGAGE BONDS.

(a) IN GENERAL.—Subparagraph (B) of section 143(a)(1) (defining qualified mortgage bond) is amended by striking ''June 30, 1992'' and inserting ''December 31, 1993''.

(b) MORTGAGE CREDIT CERTIFICATES.—Subsection (h) of section 25 (relating to interest on certain home mortgages) is amended by striking ''June 30, 1992'' and inserting ''December 31, 1993''.

(c) EFFECTIVE DATES.—

(1) The amendment made by subsection (a) shall apply to bonds issued after June 30, 1992.

(2) The amendment made by subsection (b) shall apply to elections for periods after June 30, 1992.

SEC. 318. EXPENSES FOR DRUGS FOR RARE CONDITIONS.

(a) IN GENERAL.—Section 28 (relating to clinical testing expenses for certain drugs for rare diseases or conditions) is amended by striking subsection (e).

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective on the date of enactment of this Act.

Subtitle B—Provisions Relating to Enterprise Zones

PART I—GENERAL PROVISIONS

SEC. 321. SHORT TITLE.

This subtitle may be cited as the ''Enterprise Zone—Jobs Creation Act of 1992''.

SEC. 322. PURPOSE.

It is the purpose of this subtitle to provide for the establishment of enterprise zones in order to stimulate entrepreneurship, particularly by zone residents, the creation of new jobs, particularly for disadvantaged workers and long-term unemployed individuals, and to promote revitalization of economically distressed areas primarily by providing or encouraging—

(1) tax relief at the Federal, State, and local levels,

(2) regulatory relief at the Federal, State, and local levels, and

(3) improved local services and an increase in the economic stake of enterprise zone residents in their own community and its development, particularly through the increased involvement of private, local, and neighborhood organizations.

SEC. 323. EFFECTIVE DATE.

The amendments made by this subtitle shall take effect on January 1, 1992.

PART II—DESIGNATION OF ENTERPRISE ZONES

SEC. 324. DESIGNATION OF ZONES.

(a) GENERAL RULE.—Chapter 80 of subtitle F (relating to general rules) is amended by adding at the end thereof the following new subchapter:

''SUBCHAPTER D.—Designation of Enterprise Zones

''Sec. 7880. Designation

"SEC. 7880. DESIGNATION.

''(a) DESIGNATION OF ZONES.—

''(1) DEFINITION.—For purposes of this title, the term 'enterprise zone' means any area—

''(A) which is nominated by one or more local governments and the State or States in which it is located for designation as an enterprise zone (hereinafter in this section referred to as a 'nominated area'), and

''(B) which the Secretary of Housing and Urban Development, after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration, and

''(ii) in the case of an area on an Indian reservation, the Secretary of the Interior, designates as an enterprise zone.

''(2) AUTHORITY TO DESIGNATE.—The Secretary of Housing and Urban Development is authorized to designate enterprise zones in accordance with the provisions of this section.

''(3) LIMITATIONS ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—Before designating any area as an enterprise zone and not later than 4 months following the date of the enactment of this section, the Secretary of Housing and Urban Development shall prescribe by regulation, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating an area, and

''(ii) the procedures for designation as an enterprise zone, including a method for comparing courses of action under subsection (d) proposed for nominated areas, and the other factors specified in subsection (e).

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development shall designate nominated areas as enterprise zones only during the 48-month period beginning on the later of—

''(i) the first day of the first month following the month in which the effective date of the regulations described in subparagraph (A) occurs, or

''(ii) January 1, 1992.

''(C) NUMBER OF DESIGNATIONS.—

''(i) IN GENERAL.—The Secretary of Housing and Urban Development may designate—

''(I) not more than 50 nominated areas as enterprise zones under this section, and

''(II) not more than 15 nominated areas as enterprise zones during the 12-month period beginning on the date determined under subparagraph (B), not more than 30 by the end of the 24-month period beginning on that date, not more than 45 by the end of the 36-month period beginning on that date, and not more than 50 by the end of the 48-month period beginning on that date.

''(ii) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated as enterprise zones, at least one-third must be areas that are—

''(I) within a local government jurisdiction or jurisdictions with a population of less than 50,000 (as determined using the most recent census data available),

''(II) outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B), or

''(III) determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

''(D) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designations under this section unless—

''(i) the State and local governments in which the nominated area is located have the authority to—

''(I) nominate such area for designation as an enterprise zone,

''(II) make the State and local commitments under subsection (d), and

''(III) provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled, and

''(ii) a nomination therefor is submitted by such State and local governments in such a manner in such form, and containing such information, as the Secretary of Housing and Urban Development shall prescribe by regulation.

''(4) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—In the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be deemed to be both the State and local governments with respect to such area.

''(b) TIME PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

''(1) IN GENERAL.—Any designation of an area as an enterprise zone shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

''(A) December 31 of the 24th calendar year following the calendar year in which such date occurs,

''(B) the termination date specified by the State and local governments as provided in the nomination submitted in accordance with subsection (a)(3)(D)(ii),

''(C) such other date as the Secretary of Housing and Urban Development shall specify as a condition of designation, or

''(D) the date upon which the Secretary of Housing and Urban Development revokes such designation.

''(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development, after consultation with the officials described in subsection (a)(1)(B), may revoke the designation of an area if the Secretary of Housing and Urban Development determines that a State or local government in which the area is located is not complying substantially with the agreed course of action for the area.

''(c) AREA AND ELIGIBILITY REQUIREMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate a nominated area as an enterprise zone only if it meets the requirements of paragraphs (2) and (3).

''(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

''(A) the area is within the jurisdiction of the local government,

''(B) the boundary of the area is continuous, and

''(C) the area—

''(i) has a population, as determined by the most recent census data available, of not less than—

''(I) 4,000 if any portion of such area (other than a rural area described in subsection (a)(3)(C)(ii)) is located within a metropolitan statistical area (as designated by the Director of the Office of Management and Budget) with a population of 50,000 or more, or

''(II) 1,000 in any other case, or

''(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

''(3) ELIGIBILITY REQUIREMENTS.—A nominated area meets the requirements of this paragraph if the State and local governments in which the nominated area is located certify, and the Secretary of Housing and Urban Development accepts such certification, that—

''(A) the area is one of pervasive poverty, unemployment and general distress,

''(B) the area is located wholly within the jurisdiction of a local government that is eligible for Federal assistance under section 119 of the Housing and Community Development Act of 1974, as in effect on the date of the enactment of the Enterprise Zone—Jobs Creation Act of 1992,

''(C) the unemployment rate for the area, as determined by the appropriate available data, was not less than 1.5 times the national unemployment rate for the period to which such data relate,

''(D) the poverty rate (as determined by the most recent census data available) for each populous census tract (or where not tracted, the equivalent county division as defined by the Bureau of the Census for the purpose of defining poverty areas) within the area was not less than 20 percent for the period to which such data relate, and

''(E) the area meets at least one of the following criteria:

''(i) Not less than 70 percent of the households living in the area have incomes below 80 percent of the median income of households of the area within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

''(ii) The population of the area decreased by 20 percent or more between 1980 and 1990 (or the most recent decade for which census data are available).

''(4) ELIGIBILITY REQUIREMENTS FOR RURAL AREAS.—For purposes of paragraph (1), a nominated area that is a rural area described in subsection (a)(3)(C)(ii) meets the requirements of paragraph (3) if the State and local governments in which it is located certify and the Secretary, after such review of supporting data as he deems appropriate, accepts such certification, that the area meets—

''(A) the criteria set forth in subparagraphs (A) and (B) of paragraph (3), and

''(B) not less than one of the criteria set forth in the other subparagraphs of paragraph (3).

''(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

''(1) IN GENERAL.—No nominated area shall be designated as an enterprise zone unless the State and local governments of the jurisdictions in which the nominated area is located agree in writing that, during any period during which the nominated area is an enterprise zone, such governments will follow a specified course of action designed to reduce the various burdens borne by employers or employees in such area.

''(2) COURSE OF ACTION.—The course of action under paragraph (1) may include, but is not limited to—

''(A) the reduction or elimination of tax rates or fees applying within the enterprise zone,

''(B) actions to reduce, remove, simplify, or streamline governmental requirements applying within the enterprise zone,

''(C) an increase in the level of efficiency of local services within the enterprise zone, for example, crime prevention, and drug use prevention and treatment,

''(D) involvement in the program by private entities, organizations, neighborhood associations, and community groups, particularly those within the enterprise zone, including a commitment from such private entities to provide jobs and job training for, and technical, financial or other assistance to, employers, employees, and residents of the enterprise zone,

''(E) mechanisms to increase equity ownership by residents and employees within the enterprise zone,

''(F) donation (or sale below market value) of land and buildings to benefit low and moderate income people,

''(G) linkages to—

''(i) job training,

''(ii) transportation,

''(iii) education,

''(iv) day care,

''(v) health care, and

''(vi) other social service support,

''(H) provision of supporting public facilities, and infrastructure improvements,

''(I) encouragement of local entrepreneurship, and

''(J) other factors determined essential to support enterprise zone activities and encourage livability or quality of life.

''(3) LATER MODIFICATION OF A COURSE OF ACTION.—The Secretary of Housing and Urban Development may by regulation prescribe procedures to permit or require a course of action to be updated or modified during the time that a designation is in effect.

''(e) PRIORITY OF DESIGNATION.—In choosing nominated areas for designation, the Secretary of Housing and Urban Development shall give preference to the nominated areas—

''(1) with respect to which the strongest and highest quality contributions have been promised as part of the course of action, taking into consideration the fiscal ability of the nominating State and local governments to provide tax relief,

''(2) with respect to which the nominating State and local governments have provided the most effective and enforceable guarantees that the proposed course of action will actually be carried out during the period of the enterprise zone designation,

''(3) with respect to which private entities have made the most substantial commitments in additional resources and contributions, including the creation of new or expanded business activities, and

''(4) which best exhibit such other factors determined by the Secretary of Housing and Urban Development, including relative distress, which are consistent with the intent of the enterprise zone program and which have the greatest likelihood of success.

''(f) GEOGRAPHIC DISTRIBUTION.—In making designations, the Secretary of Housing and Urban Development will take into consideration a reasonable geographic distribution of enterprise zones.

''(g) DEFINITIONS.—For the purposes of this title—

''(1) GOVERNMENTS.—If more than one government seeks to nominate an area as an enterprise zone, any reference to, or requirement of, this section shall apply to all such governments.

''(2) STATE.—The term 'State' shall also include Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and any other territory of the United States.

''(3) LOCAL GOVERNMENTS.—The term 'local government' means—

''(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State,

''(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development, and

''(C) the District of Columbia.

''(h) CROSS REFERENCES.—

''(1) For definitions, see section 1391.

''(2) For treatment of employees in enterprise zones, see section 1392.

''(3) For treatment of investments in enterprise zones, see sections 1393 and 1394.''

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 80 of subtitle F is amended by adding at the end thereof the following new item:

''SUBCHAPTER D—Designation of Enterprise Zones''.

SEC. 325. REPORTING REQUIREMENTS.

Not later than the close of the second calendar year after the calendar year in which the Secretary of Housing and Urban Development first designates areas as enterprise zones, and at the close of each second calendar year thereafter, the Secretary of Housing and Urban Development shall submit to the Congress a report on the effects of such designation in accomplishing the purposes of this subtitle.

SEC. 326. INTERACTION WITH OTHER FEDERAL PROGRAMS.

(a) COORDINATION WITH RELOCATION ASSISTANCE.—The designation of an enterprise zone under section 7880 shall not—

(1) constitute approval of a Federal or federally assisted program or project (within the meaning of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601)), or

(2) entitle any person displaced from real property located in such zone to any rights or any benefits under such Act.

(b) COORDINATION WITH ENVIRONMENTAL POLICY.—Designation of an enterprise zone under section 7880 shall not constitute a Federal action for purposes of applying the procedural requirements of the National Envi-

ronmental Policy Act of 1969 (42 U.S.C. 4341) or other provisions of Federal law relating to the protection of the environment.

PART III—FEDERAL INCOME TAX INCENTIVES

SEC. 327. DEFINITIONS AND REGULATIONS; EMPLOYEE CREDIT; CAPITAL GAIN EXCLUSION; STOCK EXPENSING.

(a) GENERAL RULE.—Chapter 1 of subtitle A (relating to normal tax and surtax rules) is amended by inserting after subchapter T the following new subchapter:

''SUBCHAPTER U—Enterprise Zones

''Sec. 1391. Definitions and Regulatory Authority.

''Sec. 1392. Credit for enterprise zone employees.

''Sec. 1393. Enterprise zone capital gain.

''Sec. 1394. Enterprise zone stock.

''SEC. 1391. DEFINITIONS AND REGULATORY AUTHORITY.

''(a) ENTERPRISE ZONE.—

''(1) IN GENERAL.—For purposes of this subchapter, the term 'enterprise zone' means any area which the Secretary of Housing and Urban Development designates pursuant to section 7880(a) as a Federal enterprise zone for purposes of this title.

''(2) TERMINATION OF ENTERPRISE ZONE.—An area will cease to constitute an enterprise zone once its designation as such terminates or is revoked under section 7880(b).

''(b) ENTERPRISE ZONE BUSINESS.—

''(1) IN GENERAL.—For purposes of this subchapter, the term 'enterprise zone business' means an activity constituting the active conduct of a trade or business within an enterprise zone, and with respect to which—

''(A) at least 80 percent of the gross income in each calendar year is attributable to the active conduct of a trade or business within an enterprise zone,

''(B) less than 10 percent of the property (as measured by unadjusted basis) constitutes stocks, securities, or property held for use by customers,

''(C) no more than an insubstantial portion of the property constitutes collectibles (as defined in section 408(m)(2)), unless such collectibles constitute property held primarily for sale to customers in the ordinary course of the active trade or business,

''(D) substantially all of the property (whether owned or leased) is located within an enterprise zone, and

''(E) substantially all of the employees work within an enterprise zone.

''(2) RELATED ACTIVITIES TAKEN INTO ACCOUNT.—Except as otherwise provided in regulations, all activities conducted by a taxpayer and persons related to the taxpayer shall be treated as one activity for purposes of paragraph (1).

''(3) SPECIAL RULES.—

''(A) RENTAL REAL PROPERTY.—For purposes of paragraph (1), holding real property located within an enterprise zone for use by customers other than related persons shall be treated as the active conduct of a trade or business for purposes of paragraph (1)(A) and as not subject to paragraph (1)(B).

''(B) TERMINATION OF ENTERPRISE ZONE BUSINESS.—An activity shall cease to be an enterprise zone business if—

''(i) the designation of the enterprise zone in which the activity is conducted terminates or is revoked pursuant to section 7880(b),

''(ii) more than 50 percent (by value) of the activity's property or services are obtained from related persons other than enterprise zone businesses, or

''(iii) more than 50 percent of the activity's gross income is attributable to property or services provided to related persons other than enterprise zone businesses.

''(c) ENTERPRISE ZONE PROPERTY.—

''(1) IN GENERAL.—For purposes of this subchapter, the term 'enterprise zone property' means—

''(A) any tangible personal property located in an enterprise zone and used by the taxpayer in an enterprise zone business, and

''(B) any real property located in an enterprise zone and used by the taxpayer in an enterprise zone business.

In no event shall any financial property or intangible interest in property be treated as constituting enterprise zone property, whether or not such property is used in the active conduct of an enterprise zone business.

''(2) TERMINATION OF ENTERPRISE ZONE.—The treatment of property as enterprise zone property under subparagraph (A) shall not terminate upon the termination or revocation of the designation of the enterprise zone in which the property is located, but instead shall terminate immediately after the first sale or exchange of such property occurring after the expiration or revocation.

''(d) RELATED PERSONS.—For purposes of this subchapter, a person shall be treated as related to another person if—

''(1) the relationship of such persons is described in section 267(b) or 707(b)(1), or

''(2) such persons are engaged in trades or businesses under common control (within the meaning of subsections (a) and (b) of section 52).

For purposes of paragraph (1), in applying section 267(b) or 707(b)(1), '33 percent' shall be substituted for '50 percent'.

''(e) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of the Enterprise Zone—Jobs Creation Act of 1992, including—

''(1) providing that Federal tax relief is unavailable to an activity that does not stimulate employment in, or revitalization of, enterprise zones,

''(2) providing for appropriate coordination with other Federal programs that, in combination, might enable activity within enterprise zones to be more than 100 percent subsidized by the Federal Government, and

''(3) preventing the avoidance of the rules in this subchapter.

''SEC. 1392. CREDIT FOR ENTERPRISE ZONE EMPLOYEES.

''(a) GENERAL RULE.—In the case of a taxpayer who is an enterprise zone employee, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to 5 percent of so much of the qualified wages of the taxpayer for the taxable year as does not exceed $10,500.

''(b) DEFINITIONS.—For purposes of this section—

''(1) ENTERPRISE ZONE EMPLOYEE.—The term 'enterprise zone employee' means an individual if—

''(A) the individual performs services during the taxable year that are directly related to the conduct of an enterprise zone business,

''(B) substantially all of the services described in paragraph (1)(A) are performed within an enterprise zone, and

''(C) the employer for whom the services described in paragraph (1)(A) are performed is not the Federal Government, any State government or subdivision thereof, or any local government.

''(2) WAGES.—The term 'wages' has the meaning given by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such subsection).

''(3) QUALIFIED WAGES.—The term 'qualified wages' means all wages of the taxpayer, to the extent attributable to services described in paragraph (1).

''(c) LIMITATIONS.—

''(1) PHASE-OUT OF CREDIT.—The amount of the credit allowable to a taxpayer under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(A) $525, over

''(B) 10.5 percent of so much of the taxpayer's total wages (whether or not constituting qualified wages) as exceeds $20,000.

''(2) PARTIAL TAXABLE YEAR.—If designation of an area as an enterprise zone occurs, expires, or is revoked pursuant to section 7880 on a date other than the first or last day of the taxable year of the taxpayer, or in the case of a short taxable year, the limitations specified in paragraph (1) shall be adjusted on a pro rata basis (based upon the number of days).

''(d) APPLICATION WITH OTHER CREDITS.—The credit allowed under this section for the taxable year shall be reduced by the amount (if any) of tax imposed by section 55 (relating to the alternative minimum tax) with respect to such taxpayer for such year.

''(e) CREDIT TREATED AS SUBPART C CREDIT.—For purposes of this title, the credit allowed under subsection (a) shall be treated as a credit allowed under subpart C of part IV of subchapter A of chapter 1.

''SEC. 1393. ENTERPRISE ZONE CAPITAL GAIN.

''(a) GENERAL RULE.—Gross income does not include the amount of any gain constituting enterprise zone capital gain.

''(b) DEFINITION.—For purposes of this section—

''(1) IN GENERAL.—The term 'enterprise zone capital gain' means gain—

''(A) treated as long-term capital gain,

''(B) allocable in accordance with the rules under subsection (b)(5) of section 338 to the sale or exchange of enterprise zone property, and

''(C) properly attributable to period(s) of use in an enterprise zone business.

''(2) LIMITATIONS.—Enterprise zone capital gain does not include any gain attributable to—

''(A) the sale or exchange of property not constituting enterprise zone property with respect to the taxpayer throughout the period of twenty-four full calendar months immediately preceding the sale or exchange,

''(B) any collectibles (as defined in section 408(m)), or

''(C) sales or exchanges to persons controlled by the same interests.

''(c) BASIS.—Amounts excluded from gross income pursuant to subsection (a) shall not be applied in reduction to the basis of any property held by the taxpayer.

''SEC. 1394. ENTERPRISE ZONE STOCK.

''(a) GENERAL RULE.—At the election of any individual, the aggregate amount paid by such individual during the individual's taxable year for the purchase of enterprise zone stock on the original issue of such stock by a qualified issuer shall be allowed as a deduction.

''(b) LIMITATIONS.—

''(1) CEILING.—The maximum amount allowed as a deduction under subsection (a) to a taxpayer shall not exceed $50,000 for any taxable year, nor $250,000 during the taxpayer's lifetime.

''(A) EXCESS AMOUNTS.—If the amount otherwise deductible by any person under subsection (a) exceeds the limitation under this paragraph (1)—

''(i) the amount of such excess shall be treated as an amount paid in the next taxable year, and

''(ii) the deduction allowed for any taxable year shall be allocated among the enterprise zone stock purchased by such person in accordance with the purchase price per share.

''(2) RELATED PERSONS.—The taxpayer and all individuals related to the taxpayer shall be treated as one person for purposes of the limitations described in paragraph (1).

''(3) ALLOCATION OF EXCESS AMOUNTS.—The limitations described in paragraph (1) shall be allocated among the taxpayer and related persons in accordance with their respective purchases of enterprise zone stock.

''(4) PARTIAL TAXABLE YEAR.—If designation of an area as an enterprise zone occurs, expires, or is revoked pursuant to section 7880 on a date other than the first or last day of the taxable year of the taxpayer, or in the case of a short taxable year, the limitations specified in paragraph (1) shall be adjusted on a pro rata basis (based upon the number of days).

''(c) DISPOSITION OF STOCK.—

''(1) GAIN TREATED AS ORDINARY INCOME.—Except as otherwise provided in regulations, if a taxpayer disposes of any enterprise zone stock with respect to which a deduction was allowed under subsection (a), the amount realized upon such disposition shall be treated as ordinary income and recognized notwithstanding any other provision of this subtitle.

''(2) INTEREST CHARGED IF DISPOSITION WITHIN 5 YEARS OF PURCHASE.—

''(A) IN GENERAL.—If a taxpayer disposes of any enterprise zone stock before the end of the 5-year period beginning on the date such stock was purchased by the taxpayer, the tax imposed by this chapter for the taxable year in which such disposition occurs shall be increased by the amount determined in subparagraph (B).

''(B) ADDITIONAL AMOUNT.—For purposes of subparagraph (A), the additional amount shall be equal to the amount of interest (determined at the rate applicable under section 6621(a)(2)) that would accrue—

''(i) during the period beginning on the date the stock was purchased by the taxpayer and ending on the date such stock was disposed of by the taxpayer,

''(ii) on an amount equal to the aggregate decrease in tax of the taxpayer resulting from the deduction allowed under subsection (a) with respect to the stock so disposed of.

''(d) DISQUALIFICATION.—

''(1) ISSUER OR STOCK CEASES TO QUALIFY.—If a taxpayer elects the deduction under subsection (a) with respect to enterprise zone stock, and either—

''(A) the issuer with respect to which the election was made ceases to be a qualified issuer, or

''(B) the proceeds from the issuance of the taxpayer's enterprise zone stock fail or otherwise cease to be invested by the issuer in enterprise zone property, then, notwithstanding any provision of this subtitle (other than paragraph (2)) to the contrary, the taxpayer shall recognize as ordinary income the amount of the deduction allowed under subsection (a) with respect to the issuer's enterprise zone stock.

''(2) SPECIAL RULES.—

''(A) LIQUIDATION.—Where enterprise zone property acquired with proceeds from the issuance of enterprise zone stock is sold or exchanged pursuant to a plan of complete liquidation, the treatment described in paragraph (1) shall be inapplicable.

''(B) TERMINATION OF ENTERPRISE ZONE.—The treatment of an activity as an enterprise zone business shall not cease for purposes of paragraph (1) solely by reason of the termination or revocation of the designation of the enterprise zone with respect to the activity.

''(C) PARTIAL DISQUALIFICATION.—Where some, but not all, of the property acquired by the issuer with the proceeds of issuance of enterprise zone stock ceases to constitute enterprise zone property, the treatment described in paragraph (1) shall be modified as follows—

''(i) the total amount recognized as ordinary income by all shareholders of the issuer shall be limited to an amount of deduction allowed up to the unadjusted basis of property ceasing to constitute enterprise zone property,

''(ii) the amount recognized shall be allocated among enterprise zone stock with respect to which the election in subsection (a) was made in the reverse order in which such stock was issued, and

''(iii) the amount recognized shall be apportioned among taxpayers having made the election in subsection (a) in the ratios in which the stock described in paragraph (2)(C)(ii) was purchased.

''(3) ADDITIONAL AMOUNT.—If income is recognized pursuant to paragraph (1) at any time before the close of the 5th calendar year ending after the date the enterprise zone stock was purchased, the tax imposed by this chapter with respect to such income shall be increased by an amount equal to the amount of interest (determined at the rate applicable under section 6621(a)(2)) that would accrue—

''(A) during the period beginning on the date the stock was purchased by the taxpayer and ending on the date of the disqualification event described in paragraph (1),

''(B) on an amount equal to the aggregate decrease in tax of the taxpayer resulting from the deduction allowed under subsection (a) with respect to the stock so disqualified.

''(e) DEFINITIONS.—For purposes of this section—

''(1) ENTERPRISE ZONE STOCK.—The term 'enterprise zone stock' means common stock issued by a qualified issuer, but only to the extent that the amount of proceeds of such issuance are used by such issuer no later than twelve months following issuance to acquire and maintain an equal amount of newly acquired enterprise zone property.

''(2) QUALIFIED ISSUER.—

''(A) IN GENERAL.—The term 'qualified issuer' means any subchapter C corporation—

''(i) which does not have more than one class of stock,

''(ii) which is engaged solely in the conduct of one or more enterprise zone businesses,

''(iii) which does not own or lease more than $5 million of total property (including money), as measured by the unadjusted basis of the property, and

''(iv) more than 20 percent of the total voting power and 20 percent of the total value of the stock of which is owned by individuals, partnerships, estates or trusts.

''(B) LIMITATION ON TOTAL ISSUANCES.—A qualified issuer may issue no more than an aggregate of $5 million of enterprise zone stock.

''(C) AGGREGATION.—For purposes of applying the limitations under this paragraph, the issuer and all related persons shall be treated as one person.

''(3) AMOUNT PAID.—For purposes of subsection (a), the amount 'paid' by a taxpayer for any taxable year shall not include the issuance of evidences of indebtedness of the taxpayer (whether or not such indebtedness is guaranteed by another person), nor amounts paid by the taxpayer after the close of the taxable year.

''(f) ISSUANCES IN EXCHANGE FOR PROPERTY.—If enterprise zone stock is issued in exchange for property, then notwithstanding any provision of subchapter C of chapter 1 of subtitle A to the contrary—

''(1) the issuance shall be treated for purposes of this subtitle as the sale of the property at its then fair market value to the corporation, and a contribution to the corporation of the proceeds immediately thereafter in exchange for the enterprise zone stock, and

''(2) the issuer's basis for the property shall be equal to the fair market value of such property at the time of issuance.

''(g) BASIS ADJUSTMENT.—For purposes of this subtitle, if a taxpayer elects the deduction under subsection (a), the taxpayer's basis (without regard to this subsection) for the enterprise zone stock with respect to such election shall be reduced by the deduction allowed or allowable.

''(h) LIMITATIONS ON ASSESSMENT AND COLLECTION.—If a taxpayer elects the deduction under subsection (a) for any taxable year—

''(1) the period for assessment and collection of any deficiency attributable to any part of the deduction shall not expire before one year following expiration of such period of the qualified issuer that includes the circumstances giving rise to the deficiency, and

''(2) such deficiency may be assessed before expiration of the period described in paragraph (1) notwithstanding any provisions of this subtitle to the contrary.

''(i) CROSS REFERENCE.—For treatment of the deduction under subsection (a) for purposes of the alternative minimum tax, see section 56.''

(b) TECHNICAL AMENDMENT.—Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking ''and'' at the end of paragraph (23), by striking the period at the end of paragraph (24) and inserting ''; and'', and by adding at the end thereof the following new paragraph:

''(25) to the extent provided in section 1394(g), in the case of stock with respect to which a deduction was allowed or allowable under section 1394(a).''

(c) CLERICAL AMENDMENT.—The table of subchapters for chapter 1 is amended by inserting after the item relating to subchapter T the following new item:

''SUBCHAPTER U. Enterprise zones.''

SEC. 328. ALTERNATIVE MINIMUM TAX.

(a) CORPORATIONS.—Subparagraph (B) of section 56(g)(4) (relating to adjustments based on adjusted current earnings of corporations) is amended by adding the following new clause at the end thereof:

''(iii) EXCLUSION OF ENTERPRISE ZONE CAPITAL GAIN.—Clause (i) shall not apply in the case of any enterprise zone capital gain (as defined in section 1393(b)), and such gain shall not be included in income for purposes of computing alternative minimum taxable income.''

(b) INDIVIDUALS.—Subsection (b) of section 56 (relating to adjustments to the alternative minimum taxable income of individuals) is amended by adding the following new paragraph at the end thereof:

''(4) ENTERPRISE ZONE STOCK.—No deduction shall be allowed for the purchase of enterprise zone stock (as defined in section 1394(e)).''

SEC. 329. ADJUSTED GROSS INCOME DEFINED.

Subsection (a) of section 62 (relating to the definition of adjusted gross income) is amended by adding at the end thereof the following new paragraph:

''(14) ENTERPRISE ZONE STOCK.—The deduction allowed by section 1394.''

PART IV—ESTABLISHMENT OF FOREIGN TRADE ZONES IN ENTERPRISE ZONES

SEC. 330. FOREIGN-TRADE ZONE PREFERENCES.

(a) PREFERENCE IN ESTABLISHMENT OF FOREIGN-TRADE ZONES IN REVITALIZATION AREAS.—In processing applications for the establishment of foreign-trade zones pursuant to an Act ''To provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes'', approved June 18, 1934 (48 Stat. 998), the Foreign-Trade Zone Board shall consider on a priority basis and expedite, to the maximum extent possible, the processing of any application involving the establishment of a foreign trade zone within an enterprise zone designated pursuant to section 7880 of the Internal Revenue Code of 1986.

(b) APPLICATION PROCEDURE.—In processing applications for the establishment of ports of

entry pursuant to ''An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and fifteen, and for other purposes'', approved August 1, 1914 (38 Stat. 609), the Secretary of the Treasury shall consider on a priority basis and expedite, to the maximum extent possible, the processing of any application involving the establishment of a port of entry which is necessary to permit the establishment of a foreign-trade zone within an enterprise zone so designated.

(c) APPLICATION EVALUATION.—In evaluating applications for the establishment of foreign-trade zones and ports of entry in connection with enterprise zones so designated, the Foreign-Trade Zone Board and the Secretary of the Treasury shall approve the applications, to the maximum extent practicable, consistent with their respective statutory responsibilities.

Subtitle C—Excise Tax Provisions

SEC. 341. REPEAL OF LUXURY EXCISE TAX ON BOATS AND AIRCRAFT.

(a) GENERAL RULE.—Subpart A of part I of subchapter A of chapter 31 (relating to luxury taxes) is amended by striking sections 4002 and 4003 and by redesignating section 4004 as section 4002.

(b) CONFORMING AMENDMENTS.—

(1) Clause (iii) of section 4002(b)(2)(A) (as redesignated by subsection (a)) is amended by striking '', boat, or aircraft''.

(2) Subparagraph (B) of section 4002(b)(2) (as redesignated by subsection (a)) is amended by striking ''in the case of a passenger vehicle, $100,000 in the case of a boat, and $250,000 in the case of an aircraft''.

(3) Paragraph (2) of section 4011(c) is amended—

(A) by striking '', boats, and aircraft'' in the paragraph heading,

(B) by striking '', boat, or aircraft'' in subparagraph A,

(C) by amending subparagraph (B) to read as follows:

''(B) QUALIFIED LEASE.—For purposes of subparagraph (A), the term 'qualified lease' means any long-term lease (as defined in section 4052) of any passenger vehicle.'', and

(D) by striking ''section 4004(c)'' in subparagraph (C) and inserting ''section 4002(c)''.

(4) Subsection (c) of section 4221 is amended by striking ''4002(b), 4003(c), 4004(a)'' and inserting ''4002(a)''.

(5) Subsection (d) of section 4222 is amended by striking ''4002(b), 4003(c), 4004(a)'' and inserting ''4002(a)''.

(c) CLERICAL AMENDMENTS.—

(1) The table of subparts for part I is amended by striking '', boats, and aircraft'' in the item relating to subpart A.

(2) The table of sections for subpart A is amended by striking the items relating to sections 4002, 4003 and 4004 and inserting the following:

''Sec. 4002. Rules applicable to subpart A.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to boats and aircraft sold or used on or after February 1, 1992.

SEC. 342. REPEAL OF EXEMPTION FOR THE USE OF DIESEL FUEL IN PLEASURE BOATS.

(a) IN GENERAL.—Paragraph (1) of section 4041(a) (relating to imposition of tax on diesel fuel and special motor fuels) is amended to read as follows:

''(1) TAX ON DIESEL FUEL WHERE NO TAX IMPOSED UNDER SECTION 4091.—

''(A) HIGHWAY VEHICLES.—There is hereby imposed a tax on any liquid (other than any product taxable under section 4081)—

''(i) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle for use as a fuel in such vehicle, or

''(ii) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such fuel under clause (i).

''(B) BOATS.—There is hereby imposed a tax on any diesel fuel (within the meaning of section 4092(a)(2)) that is not taxable under subparagraph (A) and is—

''(i) sold by any person to an owner, lessee, or other operator of a diesel-powered boat for use as a fuel in such boat, or

''(ii) used by any person as a fuel in a diesel-powered boat unless there was a taxable sale of such fuel under clause (i).

''(C) RATE OF TAX; PREVIOUSLY TAXED FUEL.—The rate of tax imposed by this paragraph shall be the sum of the Highway Trust Fund financing rate and the diesel fuel deficit reduction rate in effect under section 4091 at the time of such sale or use. No tax shall be imposed by this paragraph on the sale or use of any diesel fuel if there was a taxable sale of such fuel under section 4091.''

(b) EXEMPTION FOR BUSINESS USE.—

(1) IN GENERAL.—Subsection (b) of section 4041 is amended by adding at the end thereof the following new paragraph:

''(3) EXEMPTION FOR BOAT BUSINESS USE.—

''(A) IN GENERAL.—No tax shall be imposed by subsection (a)(1)(B) or (d)(1) on diesel fuel sold for use or used in a boat business use.

''(B) TAX WHERE OTHER USE.—If diesel fuel on which no tax was imposed by reason of subparagraph (A) is used otherwise than in a boat business use, a tax shall be imposed by subsection (a)(1)(B)(ii) and by the corresponding provision of subsection (d)(1).

''(C) BOAT BUSINESS USE DEFINED.—For purposes of this paragraph, the term 'boat business use' means any use of a boat in the active conduct of—

''(i) a trade or business of commercial fishing or transporting persons or property for compensation or hire, or

''(ii) any other trade or business unless the boat is used predominantly in any activity which is of a type generally considered to constitute entertainment, amusement or recreation.''

(c) CONFORMING AMENDMENTS.—

(1) the heading of subsection (b) of section 4041 is amended by inserting ''; EXEMPTION FOR BOAT BUSINESS USE'' after ''FUEL''.

(2) Subparagraph (A) of section 4041(b)(1) is amended by striking ''subsection (a) or (d)(1)'' and inserting ''paragraph (1)(A) or (2) of subsection (a) or subsection (d)(1)''.

(3) Subparagraph (B) of section 4041(b)(1) is amended by striking ''paragraph (1)(B) or (2)(B)'' and inserting ''paragraph (1)(A)(ii) or (2)(B)''.

(4) Paragraph (2) of section 4092(a) is amended by striking ''or a'' and inserting '', diesel-powered boat, or''.

(5) Subparagraph (B) of section 4092(b)(1) is amended by striking ''commercial and noncommercial vessels'' each place it appears and inserting ''boat business use as defined in section 4042(b)(3)(C)''.

(d) RETENTION OF TAXES IN GENERAL FUND.—

(1) TAXES IMPOSED AT HIGHWAY TRUST FUND FINANCING RATE.—Paragraph (4) of section 9503(b) (relating to transfers to Highway Trust Fund) is amended—

(A) by striking ''and'' at the end of subparagraph (A),

(B) by striking the period at the end of subparagraph (B) and inserting '', and'', and

(C) by adding at the end thereof the following new subparagraph:

''(C) there shall not be taken into account the taxes imposed by sections 4041 and 4091 on diesel fuel sold for use or used as fuel in a diesel-powered boat.''

(2) TAXES IMPOSED AT LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.—Subsection (b) of section 9508 (relating to transfers to Leaking Underground Storage Tank Trust Fund) is amended by adding at the end thereof the following new sentence: ''For purposes of this subsection, there shall not be taken into account the taxes imposed by sections 4041 and 4091 on diesel fuel sold for use or used as fuel in a diesel-powered boat.''

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1992.

SEC. 343. ADDITIONAL SERVICES SUBJECT TO COMMUNICATIONS EXCISE TAX.

(a) DIGITAL DATA TRANSMISSIONS.—Paragraph (2) of section 4252(b) is amended by inserting before the period ''or an unlimited number of digital data transmissions to the subscriber's telephone or radio telephone stations in such specified area if primarily used for such transmissions''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on July 1, 1992.

SEC. 344. REPEAL OF EXEMPTION FOR CERTAIN COIN-OPERATED TELEPHONE SERVICE.

(a) REPEAL OF EXEMPTION.—Section 4253 is amended—

(1) by striking subsection (a) and redesignating subsections (b), (c), (d), (e), (f), (g), (h), (i), (j), and (k) as subsections (a), (b), (c), (d), (e), (f), (g), (h), (i), and (j), respectively, and

(2) by striking ''subsection (c), (h), (i), or (j)'' in subsection (j)(1) (as so redesignated) and inserting ''subsection (b), (g), (h), or (i)''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1992.

Subtitle D—Provisions Related to Retirement Savings and Pension Distributions

SEC. 351. TAXABILITY OF BENEFICIARY OF QUALIFIED PLAN.

(a) IN GENERAL.—So much of section 402 (relating to taxability of beneficiary of employees' trust) as precedes subsection (g) thereof is amended to read as follows:

''SEC. 402. TAXABILITY OF BENEFICIARY OF EMPLOYEES' TRUST.

''(a) TAXABILITY OF BENEFICIARY OF EXEMPT TRUST.—Except as otherwise provided in this section, any amount actually distributed to any distributee by any employees' trust described in section 401(a) which is exempt from tax under section 501(a) shall be taxable to the distributee, in the taxable year of the distributee in which distributed, under section 72 (relating to annuities).

''(b) TAXABILITY OF BENEFICIARY OF NONEXEMPT TRUST.—

''(1) CONTRIBUTIONS.—Contributions to an employees' trust made by an employer during a taxable year of the employer which ends within or with a taxable year of the trust for which the trust is not exempt from tax under section 501(a) shall be included in the gross income of the employee in accordance with section 83 (relating to property transferred in connection with performance of services), except that the value of the employee's interest in the trust shall be substituted for the fair market value of the property for purposes of applying such section.

''(2) DISTRIBUTIONS.—The amount actually distributed or made available to any distributee by any trust described in paragraph (1) shall be taxable to the distributee, in the taxable year in which so distributed or made available, under section 72 (relating to annuities), except that distributions of income of such trust before the annuity starting date (as defined in section 72(c)(4)) shall be included in the gross income of the employee without regard to section 72(e)(5) (relating to amount not received as annuities).

''(3) GRANTOR TRUSTS.—A beneficiary of any trust described in paragraph (1) shall not

be considered the owner of any portion of such trust under subpart E of part I of subchapter J (relating to grantors and others treated as substantial owners).

''(4) FAILURE TO MEET REQUIREMENTS OF SECTION 410(B).—

''(A) HIGHLY COMPENSATED EMPLOYEES.—If one of the reasons a trust is not exempt from tax under section 501(a) is the failure of the plan of which it is a part to meet the requirements of section 401(a)(26) or 410(b), then a highly compensated employee shall, in lieu of the amount determined under this subsection, include in gross income for the taxable year with or within which the taxable year of the trust ends an amount equal to the vested accrued benefit of such employee (other than the employee's investment in the contract) as of the close of such taxable year of the trust.

''(B) FAILURE TO MEET COVERAGE TESTS.—If a trust is not exempt from tax under section 501(a) for any taxable year solely because such trust is part of a plan which fails to meet the requirements of section 401(a)(26) or 410(b), this subsection shall not apply by reason of such failure to any employee who was not a highly compensated employee during—

''(i) such taxable year, or

''(ii) any preceding period for which service was creditable to such employee under the plan.

''(C) HIGHLY COMPENSATED EMPLOYEE.—For purposes of this paragraph, the term 'highly compensated employee' has the meaning given such term by section 414(q).

''(c) RULES APPLICABLE TO ROLLOVERS FROM EXEMPT TRUSTS.—

''(1) EXCLUSION FROM INCOME.—If—

''(A) any portion of the balance to the credit of an employee in a qualified trust is paid to the employee in an eligible rollover distribution,

''(B) the distributee transfers any portion of the property received in such distribution to an eligible retirement plan, and

''(C) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

''(2) MAXIMUM AMOUNT WHICH MAY BE ROLLED OVER.—In the case of any eligible rollover distribution, the maximum amount transferred to which paragraph (1) applies shall not exceed the portion of such distribution which is includible in gross income (determined without regard to paragraph (1)).

''(3) TRANSFER MUST BE MADE WITHIN 60 DAYS OF RECEIPT.—Paragraph (1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

''(4) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term 'eligible rollover distribution' means any distribution to an employee of all or any portion of the balance to the credit of the employee in a qualified trust; except that such term shall not include—

''(A) any distribution which is part of a series of substantially equal periodic payments (not less frequently than annually) made—

''(i) for the life (or life expectancy) of the employee or the joint lives (or joint life expectancies) of the employee and his designated beneficiary, or

''(ii) for a specified period of 10 years or more, and

''(B) any distribution to the extent such distribution is required under section 401(a)(9).

''(5) TRANSFER TREATED AS ROLLOVER CONTRIBUTION UNDER SECTION 408.—For purposes of this title, a transfer resulting in any portion of a distribution being excluded from gross income under paragraph (1) to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B) shall be treated as a rollover contribution described in section 408(d)(3).

''(6) SALES OF DISTRIBUTED PROPERTY.—For purposes of this subsection—

''(A) TRANSFER OF PROCEEDS FROM SALE OF DISTRIBUTED PROPERTY TREATED AS TRANSFER OF DISTRIBUTED PROPERTY.—The transfer of an amount equal to any portion of the proceeds from the sale of property received in the distribution shall be treated as the transfer of property received in the distribution.

''(B) PROCEEDS ATTRIBUTABLE TO INCREASE IN VALUE.—The excess of fair market value of property on sale over its fair market value on distribution shall be treated as property received in the distribution.

''(C) DESIGNATION WHERE AMOUNT OF DISTRIBUTION EXCEEDS ROLLOVER CONTRIBUTION.—In any case where part or all of the distribution consists of property other than money, the taxpayer may designate—

''(i) the portion of the money or other property which is to be treated as attributable to the amount not included in gross income, and

''(ii) the portion of the money or other property which is to be treated as included in the rollover contribution. Any designation under this subparagraph for a taxable year shall be made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof). Any such designation, once made, shall be irrevocable.

''(D) TREATMENT WHERE NO DESIGNATION.—In any case where part or all of the distribution consists of property other than money and the taxpayer fails to make a designation under subparagraph (C) within the time provided therein, then—

''(i) the portion of the money or other property which is to be treated as attributable to the amount not included in gross income, and

''(ii) the portion of the money or other property which is to be treated as included in the rollover contribution,

shall be determined on a ratable basis.

''(E) NONRECOGNITION OF GAIN OR LOSS.—In the case of any sale described in subparagraph (A), to the extent that an amount equal to the proceeds is transferred pursuant to paragraph (1), neither gain nor loss on such sale shall be recognized.

''(7) SPECIAL RULE FOR FROZEN DEPOSITS.—

''(A) IN GENERAL.—The 60-day period described in paragraph (3) shall not—

''(i) include any period during which the amount transferred to the employee is a frozen deposit, or

''(ii) end earlier than 10 days after such amount ceases to be a frozen deposit.

''(B) FROZEN DEPOSITS.—For purposes of this paragraph, the term 'frozen deposit' means any deposit which may not be withdrawn because of—

''(i) the bankruptcy or insolvency of any financial institution, or

''(ii) any requirement imposed by the State in which such institution is located by reason of the bankruptcy or insolvency (or threat thereof) of 1 or more financial institutions in such State.

A deposit shall not be treated as a frozen deposit unless on at least 1 day during the 60-day period described in paragraph (3) (without regard to this paragraph) such deposit is described in the preceding sentence.

''(8) DEFINITIONS.—For purposes of this subsection—

''(A) QUALIFIED TRUST.—The term 'qualified trust' means an employees' trust described in section 401(a) which is exempt from tax under section 501(a).

''(B) ELIGIBLE RETIREMENT PLAN.—The term 'eligible retirement plan' means—

''(i) an individual retirement account described in section 408(a),

''(ii) an individual retirement annuity described in section 408(b) (other than an endowment contract),

''(iii) a qualified trust, and

''(iv) an annuity plan described in section 403(a).

''(9) ROLLOVER WHERE SPOUSE RECEIVES DISTRIBUTION AFTER DEATH OF EMPLOYEE.—If any distribution attributable to an employee is paid to the spouse of the employee after the employee's death, the preceding provisions of this subsection shall apply to such distribution in the same manner as if the spouse were the employee; except that a trust or plan described in clause (iii) or (iv) of paragraph (8)(B) shall not be treated as an eligible retirement plan with respect to such distribution.

''(d) TAXABILITY OF BENEFICIARY OF CERTAIN FOREIGN SITUS TRUSTS.—For purposes of subsections (a), (b), and (c), a stock bonus, pension, or profit-sharing trust which would qualify for exemption from tax under section 501(a) except for the fact that it is a trust created or organized outside the United States shall be treated as if it were a trust exempt from tax under section 501(a).

''(e) OTHER RULES APPLICABLE TO EXEMPT TRUSTS.—

''(1) ALTERNATE PAYEES.—

''(A) ALTERNATE PAYEE TREATED AS DISTRIBUTEE.—For purposes of subsection (a) and section 72, an alternate payee who is the spouse or former spouse of the participant shall be treated as the distributee of any distribution or payment made to the alternate payee under a qualified domestic relations order (as defined in section 414(p)).

''(B) ROLLOVERS.—If any amount is paid or distributed to an alternate payee who is the spouse or former spouse of the participant by reason of any qualified domestic relations order (within the meaning of section 414(p)), subsection (c) shall apply to such distribution in the same manner as if such alternate payee were the employee.

''(2) DISTRIBUTIONS BY UNITED STATES TO NONRESIDENT ALIENS.—The amount includible under subsection (a) in the gross income of a nonresident alien with respect to a distribution made by the United States in respect of services performed by an employee of the United States shall not exceed an amount which bears the same ratio to the amount includible in gross income without regard to this paragraph as—

''(A) the aggregate basic pay paid by the United States to such employee for such services, reduced by the amount of such basic pay which was not includible in gross income by reason of being from sources without the United States, bears to

''(B) the aggregate basic pay paid by the United States to such employee for such services.

In the case of distributions under the civil service retirement laws, the term 'basic pay' shall have the meaning provided in section 8331(3) of title 5, United States Code.

''(3) CASH OR DEFERRED ARRANGEMENTS.—For purposes of this title, contributions made by an employer on behalf of an employee to a trust which is a part of a qualified cash or deferred arrangement (as defined in section 401(k)(2)) shall not be treated as distributed or made available to the employee nor as contributions made to the trust by the employee merely because the arrangement includes provisions under which the employee has an election whether the contribution will be made to the trust or received by the employee in cash.

''(f) WRITTEN EXPLANATION TO RECIPIENTS OF DISTRIBUTIONS ELIGIBLE FOR ROLLOVER TREATMENT.—

''(1) IN GENERAL.—The plan administrator of any plan shall, when making an eligible

rollover distribution, provide a written explanation to the recipient of the provisions under which such distribution will not be subject to tax if transferred to an eligible retirement plan within 60 days after the date on which the recipient received the distribution.

''(2) DEFINITIONS.—For purposes of this subsection—

''(A) ELIGIBLE ROLLOVER DISTRIBUTION.—The term 'eligible rollover distribution' has the same meaning as when used in subsection (c) of this section or paragraph (4) of section 403(a).

''(B) ELIGIBLE RETIREMENT PLAN.—The term 'eligible retirement plan' has the meaning given such term by subsection (c)(8)(B).''

(b) REPEAL OF $5,000 EXCLUSION OF EMPLOYEES' DEATH BENEFITS.—Subsection (b) of section 101 is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 55(c) is amended by striking ''shall not include any tax imposed by section 402(e) and''.

(2) Paragraph (8) of section 62(a) (relating to certain portion of lump-sum distributions from pension plans taxed under section 402(e)) is hereby repealed.

(3) Paragraph (4) of section 72(o) (relating to special rule for treatment of rollover amount) is amended by striking ''sections 402(a)(5), 402(a)(7)'' and inserting ''sections 402(c)''.

(4) Paragraph (2) of section 219(d) (relating to recontributed amount) is amended by striking ''section 402(a)(5), 402(a)(7)'' and inserting ''section 402(c)''.

(5) Subparagraph (A) of section 292(h)(2) (relating to flexible individual retirement accounts), as added by section 212 of this Act, is amended by striking ''section 402(a)(5), 402(a)(7)'' and inserting ''section 402(c)''.

(6) Paragraph (20) of section 401(a) is amended by striking ''qualified total distribution described in section 402(a)(5)(E)(i)(I)'' and inserting ''distribution to a distributee on account of a termination of the plan of which the trust is a part, or in the case of a profit-sharing or stock bonus plan, a complete discontinuance of contributions under such plan''.

(7) Subparagraph (B) of section 401(a)(28) (relating to coordination with distribution rules) is amended by striking clause (v).

(8) Subclause (IV) of section 401(k)(2)(B)(i) is amended by striking ''section 402(a)(8)'' and inserting ''section 402(e)(3)''.

(9) Clause (ii) of section 401(k)(10)(B) (relating to distributions that must be lump-sum distributions) is amended to read as follows:

''(ii) LUMP-SUM DISTRIBUTION.—For purposes of this subparagraph, the term 'lump-sum distribution' means any distribution of the balance to the credit of an employee immediately before the distribution.''

(10) Paragraph (1) of section 402(g) is amended by striking ''subsections (a)(8)'' and inserting ''subsections (e)(3)''.

(11) Subsection (i) of section 402 is amended by striking '', except as otherwise provided in subparagraph (A) of subsection (e)(4)''.

(12) Subsection (j) of section 402 is hereby repealed.

(13)(A) Clause (i) of section 403(a)(4)(A) is amended by inserting ''in an eligible rollover distribution'' before the comma at the end thereof.

(B) Subparagraph (B) of section 403(a)(4) is amended to read as follows:

''(B) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of section 402(c) shall apply for purposes of subparagraph (A).''

(14)(A) Clause (i) of section 403(b)(8)(A) is amended by inserting ''in an eligible rollover distribution'' before the comma at the end thereof.

(B) Paragraph (8) of section 403(b) is amended by striking subparagraphs (B), (C), and (D) and inserting the following:

''(B) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (2), (3), (4), (5), (6), and (7) of section 402(c) shall apply for purposes of subparagraph (A).''

(15) Subsection (c) of section 406 (relating to termination of status as deemed employee not to be treated as separation from service for purposes of limitation of tax) is hereby repealed.

(16) Subsection (c) of section 407 (relating to termination of status as deemed employee not to be treated as separation from service for purposes of limitation of tax) is hereby repealed.

(17) Paragraph (1) of section 408(a) is amended by striking ''section 402(a)(5), 402(a)(7)'' and inserting ''section 402(c)''.

(18) Clause (ii) of section 408(d)(3)(A) is amended by striking ''of a qualified total distribution (as defined in section 402(a)(5)(E)(i))'' and inserting ''(as defined in section 402(c)(1))''.

(19) Clause (ii) of section 408(d)(3)(A) is amended—

(A) by striking ''the entire amount received (including money and any other property) represents the entire amount in the account or the entire value of the annuity and'', and

(B) by striking ''the entire amount thereof'' and inserting ''the entire amount received (including money and any other property)''.

(20) Subparagraph (B) of section 408(d)(3) (relating to limitations) is amended by striking the second sentence thereof.

(21) Subparagraph (F) of section 408(d)(3) (relating to frozen deposits) is amended by striking ''section 402(a)(6)(H)'' and inserting ''section 402(c)(7)''.

(22) Subclause (I) of section 414(n)(5)(C)(iii) is amended by striking ''section 402(a)(8)'' and inserting ''section 402(e)(3)''.

(23) Paragraph (2) of section 414(s) (relating to employer may elect to treat certain deferrals as compensation) is amended by striking ''402(a)(8)'' and inserting ''402(e)(3)''.

(24) Subparagraph (A) of section 415(b)(2) (relating to annual benefit in general) is amended by striking ''sections 402(a)(5)'' and inserting ''sections 402(c)''.

(25) Subparagraph (B) of section 415(b)(2) (relating to adjustment for certain other forms of benefit) is amended by striking ''sections 402(a)(5)'' and inserting ''sections 402(c)''.

(26) Paragraph (2) of section 415(c) (relating to annual addition) is amended by striking ''sections 402(a)(5)'' and inserting ''sections 402(c)''.

(27) Clause (i) of section 457(c)(2)(B) is amended by striking ''section 402(a)(8)'' and inserting ''section 402(e)(3)''.

(28) Subsection (c) of section 691 (relating to coordination with section 402(e)) is amended by striking paragraph (5).

(29) Subparagraph (B) of section 871(a)(1) (relating to income other than capital gains) is amended by striking ''402(a)(2), 403(a)(2), or''.

(30) Paragraph (1) of section 871(b) (relating to imposition of tax) is amended by striking ''section 1, 55, or 402(e)(1)'' and inserting ''section 1 or 55''.

(31) Paragraph (1) of section 871(k) is amended by striking ''section 402(a)(4)'' and inserting ''section 402(e)(2)''.

(32) Subsection (b) of section 877 (relating to alternative tax) is amended by striking ''section 1, 55, or 402(e)(1)'' and inserting ''section 1 or 55''.

(33) Subsection (b) of section 1441 (relating to income items) is amended by striking ''section 402(a)(2), 403(a)(2), or''.

(34) Paragraph (5) of section 1441(c) (relating to special items) is amended by striking ''section 402(a)(2), 403(a)(2), or''.

(35) Subparagraph (A) of section 3121(v)(1) is amended by striking ''section 402(a)(8)'' and inserting ''section 402(e)(3)''.

(36) Subparagraph (A) of section 3306(r)(1) is amended by striking ''section 402(a)(8)'' and inserting ''section 402(e)(3)''.

(37) Subsection (a) of section 3405 is amended by striking ''PENSIONS, ANNUITIES, ETC.—'' from the heading thereof and inserting ''PERIODIC PAYMENTS.—''.

(38) Subsection (b) of section 3405 (relating to nonperiodic distribution) is amended—

(A) by striking ''the amount determined under paragraph (2)'' from paragraph (1) thereof and inserting ''an amount equal to 10 percent of such distribution'' and

(B) by striking paragraph (2) (relating to amount of withholding) and redesignating paragraph (3) as paragraph (2).

(39) Paragraph (4) of section 3405(d) (relating to qualified total distributions) is hereby repealed.

(40) Paragraph (8) of section 3405(d) (relating to maximum amounts withheld) is amended to read as follows:

''(8) MAXIMUM AMOUNT WITHHELD.—The maximum amount to be withheld under this section on any designated distribution shall not exceed the sum of the amount of money and the fair market value of other property received in the distribution.''

(41) Subparagraph (A) of section 4973(b)(1) is amended by striking ''sections 402(a)(5), 402(a)(7)'' and inserting ''sections 402(c)''.

(42) Paragraph (4) of section 4980A(c) is amended to read as follows:

''(4) ONE-TIME ELECTION FOR CERTAIN DISTRIBUTIONS.—A taxpayer may elect to determine the excess distributions as defined in paragraph (1) for a calendar year by multiplying the limitation in paragraph (1) by 5 times the amount of such limitation without regard to this subparagraph. Not more than one election may be made under this paragraph with respect to any taxpayer.''

(43) Subparagraph (C) of section 7701(j)(1) is amended by striking ''section 402(a)(8)'' and inserting ''section 402(e)(3)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 1991.

(2) SPECIAL RULE FOR CERTAIN DISTRIBUTIONS.—Distributions made before February 1, 1992 shall be taxed in accordance with the provisions of sections 101(b) and 402 of the Internal Revenue Code of 1986 as in effect prior to the amendments made by this section.

(3) TERMINATION OF PRIOR TRANSITIONAL RULES.—Paragraph (5) of section 1122(h) of the Tax Reform Act of 1986 shall not apply to any amount distributed after December 31, 1996.

(4) 5-YEAR PHASE-OUT OF PRIOR TRANSITIONAL RULES.—

(A) In the case of any lump distribution in any taxable year beginning after December 31, 1991 and before January 1, 1997, paragraph (5) of section 1122(h) of the Tax Reform Act of 1986 shall apply to the phase-out percentage of any lump sum distribution which would have been eligible for the election of those provisions.

(B) For purposes of this paragraph.—

In the case of distributions during calendar year:	The phase-out percentage is:
1992	100
1993	70
1994	35
1995	20
1996	10

SEC. 352. SIMPLIFIED METHOD FOR TAXING ANNUITY DISTRIBUTIONS UNDER CERTAIN EMPLOYER PLANS.

(a) GENERAL RULE.—Subsection (d) of section 72 (relating to annuities; certain proceeds of endowment and life insurance contracts) is amended to read as follows:

''(d) SPECIAL RULES FOR QUALIFIED EMPLOYER RETIREMENT PLANS.—

''(1) SIMPLIFIED METHOD OF TAXING ANNUITY PAYMENTS.—

''(A) IN GENERAL.—In the case of any amount received as an annuity under a qualified employer retirement plan—

''(i) subsection (b) shall not apply, and

''(ii) the investment in the contract shall be recovered as provided in this paragraph.

''(B) METHOD OF RECOVERING INVESTMENT IN CONTRACT.—

''(i) IN GENERAL.—Gross income shall not include so much of any monthly annuity payment under a qualified employer retirement plan as does not exceed the amount obtained by dividing—

''(I) the investment in the contract (as of the annuity starting date), by

''(II) the number of anticipated payments determined under the table contained in clause (iii) (or, in the case of a contract to which subsection (c)(3)(B) applies, the number of monthly annuity payments under such contract).

''(ii) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (2) and (3) of subsection (b) shall apply for purposes of this paragraph.

''(iii) NUMBER OF ANTICIPATED PAYMENTS.—

''If the age of the primary annuitant on the annuity starting:	**The number of anticipated payments is:**
Not more than 55	300
More than 55 but not more than 60.	260
More than 60 but not more than 65.	240
More than 65 but not more than 70.	170
More than 70	120

''(C) ADJUSTMENT FOR REFUND FEATURE NOT APPLICABLE.—For purposes of this paragraph, investment in the contract shall be determined under subsection (c)(1) without regard to subsection (c)(2).

''(D) SPECIAL RULE WHERE LUMP SUM PAID IN CONNECTION WITH COMMENCEMENT OF ANNUITY PAYMENTS.—If in connection with the commencement of annuity payments under any qualified employer plan the taxpayer receives a lump sum payment—

''(i) such payment shall be taxable under subsection (e) as if received before the annuity starting date, and

''(ii) the investment in the contract for purposes of this paragraph shall be determined as if such payment had been so received.

''(E) EXCEPTION.—This paragraph shall not apply in any case where the primary annuitant has attained age 75 on the annuity starting date unless there are fewer than 5 years of guaranteed payments under the annuity.

''(F) ADJUSTMENT WHERE ANNUITY PAYMENTS NOT ON MONTHLY BASIS.—In any case where the annuity payments are not made on a monthly basis, appropriate adjustments in the application of this paragraph shall be made to take into account the period on the basis of which such payments are made.

''(G) QUALIFIED EMPLOYER RETIREMENT PLAN.—For purposes of this paragraph, the term 'qualified employer retirement plan' means any plan or contract described in paragraph (1), (2), or (3) of section 4974(c).

''(2) TREATMENT OF EMPLOYEE CONTRIBUTIONS UNDER DEFINED CONTRIBUTION PLANS.—For purposes of this section, employee contributions (and any income allocable thereto) under a defined contribution plan may be treated as a separate contract.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply in cases where the annuity starting date is on or after February 1, 1992.

SEC. 353. REQUIREMENT THAT QUALIFIED PLANS INCLUDE OPTIONAL TRUSTEE-TO-TRUSTEE TRANSFERS OF ELIGIBLE ROLLOVER DISTRIBUTIONS.

''(a) GENERAL RULE.—Subsection (a) of section 401 (relating to requirements for qualification) is amended by inserting after paragraph (30) the following new paragraph:

''(31) OPTIONAL DIRECT TRANSFER OR ELIGIBLE ROLLOVER DISTRIBUTIONS.—

''(A) IN GENERAL.—A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that if the distributee of any eligible rollover distribution—

''(i) elects to have such distribution paid directly to an eligible retirement plan, and

''(ii) specifies the eligible retirement plan to which such distribution is to be paid (in such form and at such time as the plan administrator may prescribe),

such distribution shall be made in the form of a direct trustee-to-trustee transfer to the eligible retirement plan so specified.

''(B) LIMITATION.—Subparagraph (A) shall apply only to the extent that the eligible rollover distribution would be includible in gross income if not transferred as provided in subparagraph (A) (determined without regard to sections 402(c) and 403(a)(4)).

''(C) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this paragraph, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A).

''(D) ELIGIBLE RETIREMENT PLAN.—For purposes of this paragraph, the term 'eligible retirement plan' has the meaning given such term by section 402(c)(8)(B), except that a qualified trust shall be considered an eligible retirement plan only if it is a defined contribution plan, the terms of which permit the acceptance of rollover distributions.''

(b) EMPLOYEE'S ANNUITIES.—Paragraph (2) of section 404(a) (relating to employee's annuities) is amended by striking ''and (27)'' and inserting ''(27), and (31)''.

(c) EXCLUSION FROM INCOME.—

(1) QUALIFIED TRUSTS.—Subsection (e) of section 402 (relating to taxability of beneficiary of employees' trust), as amended by section 351 of this Act, is amended by adding at the end the following new paragraph:

''(4) DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS.—Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of such transfer.''

''(2) EMPLOYEE ANNUITIES.—Subsection (a) of section 403 is amended by adding at the end thereof the following new paragraph:

''(5) DIRECT TRUSTEE-TO-TRUSTEE TRANSFER.—Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of such transfer.''

(d) WRITTEN EXPLANATION.—Paragraph (1) of section 402(f) (as amended by section 351 of this Act) is amended to read as follows:

''(1) IN GENERAL.—The plan administrator of any plan shall, before making an eligible rollover distribution, provide a written explanation to the recipient of—

''(A) the optional direct transfer provisions provided pursuant to section 401(a)(31), and

''(B) the provisions under which such distribution will not be subject to tax if transferred to an eligible retirement plan within 60 days after the date on which the recipient received the distribution.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions in plan years beginning on or after February 1, 1992.

SEC. 354. SALARY REDUCTION ARRANGEMENTS OF SIMPLIFIED EMPLOYEE PENSIONS.

(a) SALARY REDUCTION ARRANGEMENTS.—

(1) IN GENERAL.—Paragraph (6) of section 408(k) (relating to salary reduction arrangements) is amended to read as follows:

''(6) EMPLOYEE MAY ELECT SALARY REDUCTION ARRANGEMENT.—

''(A) QUALIFIED ARRANGEMENTS.—A simplified employee pension shall not fail to meet the requirements of this subsection for a year merely because, under the terms of the pension, the employees may participate in a qualified salary reduction arrangement.

''(B) CERTAIN EMPLOYERS NOT ELIGIBLE.—This paragraph shall not apply with respect to any year in the case of a simplified employee pension maintained by an employer with more than 100 employees who were eligible to participate (or would have been required to be eligible to participate if a pension was maintained) at any time during the preceding year.

''(C) QUALIFIED SALARY REDUCTION ARRANGEMENT.—For purposes of this paragraph, the term 'qualified salary reduction arrangement' means a written arrangement of an eligible employer which meets the requirements of subparagraphs (D), (E), and (F) and under which—

''(i) an employee may elect to have the employer make payments—

''(I) as elective employer contributions to the simplified employee pension on behalf of the employee, or

(II) to the employee directly in cash,

''(ii) the amount which an employee may elect under clause (i) for any year may not exceed a total of $3,000 for any year.

An arrangement meets the requirements of clause (ii) only if, under the arrangement, the employer may not place a limit on the percentage of compensation an employee may elect to contribute.

''(D) NONELECTIVE CONTRIBUTIONS.—An arrangement meets the requirements of this subparagraph only if, under the arrangement, the employer is required (without regard to whether the employee makes an elective contribution) to make a contribution to the simplified employee pension on behalf of each employee eligible to participate for the year in an amount equal to 1 percent of the employee's compensation (not in excess of $100,000) for the year.

''(E) ARRANGEMENT MAY BE ONLY PLAN OF EMPLOYER.—

''(i) IN GENERAL.—An arrangement shall not be treated as a qualified salary reduction arrangement for any year if the employer (or any predecessor employer) maintained a qualified plan with respect to which contributions were made, or amounts were accrued, for any year in the period beginning with the year such arrangement became effective and ending with the year for which the determination is being made.

''(ii) SERVICE CREDIT.—A qualified plan maintained by an employer shall provide that, in computing the accrued benefit of any employee, no credit shall be given with respect to any year for which such employee was eligible to participate in a qualified salary reduction arrangement of such employer.

''(F) RULES RELATING TO MATCHING CONTRIBUTIONS.—

''(i) IN GENERAL.—An arrangement meets the requirements of this subparagraph only if, under the arrangement, the employer is required to make a matching contribution described in subparagraph (F)(ii) to the simplified employee pension on behalf of each employee that makes elective contributions under subparagraph (C)(i)(I).

''(ii) RATES OF MATCHING CONTRIBUTIONS.—The level of an employer's matching contribution—

''(I) shall equal as much of the employee's elective contribution as does not exceed 3 percent of the employee's compensation, plus

''(II) an amount equal to 50 percent of the employee's elective contribution that exceeds 3 percent of the employee's compensation and is not greater than 5 percent of the employee's compensation.

''(G) QUALIFIED PLAN.—For purposes of this paragraph, the term 'qualified plan' means a plan, contract, pension, or trust described in subparagraph (A) or (B) of section 219(g)(5).

''(H) COMPENSATION.—For purposes of this paragraph, the term compensation has the same meaning as in section 414(q)(5).''

(2) CONFORMING CHANGES.—Subparagraph (B) of section 408(k)(7) is amended by striking ''paragraph (2)(C)'' and inserting ''paragraphs (2)(C) and (6)(H)''.

(b) COST-OF-LIVING ADJUSTMENTS.—Paragraph (8) of section 408(k) is amended to read as follows:

''(8) COST-OF-LIVING ADJUSTMENTS.—

''(A) IN GENERAL.—The Secretary shall adjust each of the following amounts at the same time and in the same manner as under section 415(d):

''(i) The $300 amount in paragraph (2)(C).

''(ii) The $200,000 amount in paragraph (3)(C).

''(iii) The $3,000 amount in paragraph (6)(C)(ii).

''(iv) The $100,000 amount in paragraph (6)(D)(i).

''(B) EXCEPTIONS.—

''(i) COORDINATION WITH SECTION 401(A)(17).—The amount described in clause (ii) of subparagraph (A) (as adjusted under such subparagraph) shall not exceed 100 percent of the amount in effect under section 401(a)(17).

''(ii) BASE PERIOD.—The base period taken into account under section 415(d) for the amounts described in clauses (iii) and (iv) of subparagraph (A) shall be the calendar quarter beginning October 1, 1991.''

(c) REPORTING REQUIREMENTS.—Subsection (1) of section 408 is amended—

(1) by striking ''(1) SIMPLIFIED EMPLOYER REPORTS.—An'' and inserting the following:

''(1) SIMPLIFIED EMPLOYER REPORTS.—

''(1) IN GENERAL.—An'',

(2) by moving the text of such subsection 2 ems to the right, and

(3) adding at the end thereof the following new paragraph:

''(2) QUALIFIED SALARY REDUCTION ARRANGEMENTS UNDER SIMPLIFIED EMPLOYEE PENSIONS.—

''(A) IN GENERAL.—The employer maintaining any simplified employee pension established pursuant to a qualified salary reduction arrangement under subsection (k)(6) shall each year prepare, and provide to each employee eligible to participate in the arrangement, a description containing the following information:

''(i) The name and address of the employer and the trustee.

''(ii) The requirements for eligibility for participation.

''(iii) The benefits provided with respect to the arrangement.

''(iv) The time and method of making elections with respect to the arrangement.

''(v) The procedures for, and effects of, withdrawals from the arrangement.

''(B) TIME REPORT PROVIDED.—The description under subparagraph (A) for any year shall be provided to each employee during the 30-day period preceding the first date during such year on which the employee may make an election with respect to the arrangement.''

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to years beginning after December 31, 1991.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to a simplified employee pension which was in effect on the date of the enactment of this Act and which maintained a salary reduction arrangement on such date, unless the employer elects to have such amendments apply for any year and all subsequent years.

SEC. 355. TAX EXEMPT ORGANIZATIONS ELIGIBLE UNDER SECTION 401(k).

(a) GENERAL RULE.—Subparagraph (B) of section 401(k)(4) is amended to read as follows:

''(B) STATE AND LOCAL GOVERNMENTS NOT ELIGIBLE.—A cash and deferred arrangement shall not be treated as a qualified cash and deferred arrangement if it is part of a plan maintained by a State or local government or political subdivision thereof, or any agency or instrumentality thereof. This subparagraph shall not apply to a rural cooperative plan.''

(b) EFFECTIVE DATES.—The amendment made by this section shall apply to plan years beginning on or after February 1, 1992.

SEC. 356. DUTIES OF SPONSORS OF CERTAIN PROTOTYPE PLANS.

(a) IN GENERAL.—The Secretary of the Treasury may, as a condition of sponsorship, prescribe rules defining the duties and responsibilities of sponsors of master and prototype plans, regional prototype plans, and other Internal Revenue Service preapproved plans.

(b) DUTIES RELATING TO PLAN AMENDMENT, NOTIFICATION OF ADOPTERS, AND PLAN ADMINISTRATION.—The duties and responsibilities referred to in subsection (a) may include—

(1) the maintenance of lists of persons adopting the sponsor's plans, including the updating of such lists not less frequently than annually,

(2) the furnishing of notices at least annually to such persons and to the Secretary or his delegate, in such form and at such time as the Secretary shall prescribe,

(3) duties relating to administrative services to such persons in the operation of their plans,

(4) other duties that the Secretary considers necessary to ensure that—

(A) the master and prototype, regional prototype, and other preapproved plans of adopting employers are timely amended to meet the requirements of the Internal Revenue Code of 1986 or of any rule or regulation of the Secretary, and

(B) adopting employers receive timely notification of amendments and other actions taken by sponsors with respect to their plans.

SEC. 357. SIMPLIFICATION OF NONDISCRIMINATION TESTS APPLICABLE UNDER SECTIONS 401(k) AND 401(m).

(a) CASH OR DEFERRED ARRANGEMENTS.—

(1) IN GENERAL.—Paragraph (3) of section 401(k) (relating to application of participation and discrimination standards) is amended by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively, and by striking subparagraphs (A) and (B) and inserting the following:

''(A) IN GENERAL.—A cash or deferred arrangement shall not be treated as a qualified cash or deferred arrangement unless—

''(i) those employees eligible to benefit under the arrangement satisfy the provisions of section 410(b)(1),

''(ii) the actual deferral percentage of each eligible highly compensated employee for the plan year does not exceed 200 percent of the average deferral percentage of nonhighly compensated employees for the preceding plan year, and

''(iii) the actual deferral percentage of each eligible highly compensated employee for the plan year does not exceed the average deferral percentage of nonhighly compensated employees for the preceding plan year by more than 3 percentage points.

''(B) DEFERRAL PERCENTAGES.—For purposes of this paragraph—

''(i) ACTUAL DEFERRAL PERCENTAGE.—The actual deferral percentage of any employee for a plan year is the percentage which—

''(I) the amount of employer contributions actually paid over to the trust on behalf of such employee for such plan year, is of

''(II) the employee's compensation for such plan year.

''(ii) AVERAGE DEFERRAL PERCENTAGE OF NONHIGHLY COMPENSATED EMPLOYEES.—The average deferral percentage of nonhighly compensated employees for any plan year is the average of the actual deferral percentages for such plan year of all eligible employees other than highly compensated employees.

''(C) SPECIAL RULES.—

''(i) ELECTION TO USE AVERAGE DEFERRAL PERCENTAGE FOR HIGHLY COMPENSATED EMPLOYEE.—A plan may provide that in lieu of satisfying the requirements of clauses (ii) and (iii) of subparagraph (3)(A), a cash or deferred arrangement may be a qualified cash or deferred arrangement if the average deferral percentage for eligible highly compensated employees for such year bears a relationship to the average deferral percentage of nonhighly compensated employees for the preceding plan year which meets either of the following tests:

''(I) The average deferral percentage for the group of eligible highly compensated employees is not more than the average deferral percentage for nonhighly compensated employees for the preceding plan year multiplied by 1.25.

''(II) The excess of the average deferral percentage for the group of eligible highly compensated employees over the average deferral percentage for nonhighly compensated employees for the preceding plan year is not more than 2 percentage points, and the average deferral percentage for the group of eligible highly compensated employees is not more than the average deferral percentage for nonhighly compensated employees for the preceding plan year multiplied by 2.

The average deferral percentage for the group of eligible highly compensated employees is the average of the actual deferral percentages for such plan year of all eligible highly compensated employees.

''(ii) SPECIAL RULE FOR FIRST PLAN YEAR.—In the case of the first plan year of any plan, the amount taken into account as the average deferral percentage of nonhighly compensated employees for the preceding plan year shall be—

''(I) 3 percent, or

''(II) if the employer makes an election under this subclause, the average deferral percentage of nonhighly compensated employees determined for such first plan year.

''(iii) AGGREGATION OF PLANS.—If 2 or more plans which include cash or deferred arrangements are considered as 1 plan for purposes of section 401(a)(4) or 410(b), the cash or deferred arrangements included in such plans shall be treated as 1 arrangement for purposes of this paragraph. If any highly compensated employee is a participant under 2 or more cash or deferred arrangements of the employer, for purposes of determining the actual deferral percentage with respect to such employee, all such cash or deferred arrangements shall be treated as 1 cash or deferred arrangement.

''(iv) RULES RELATING TO ELECTION.—

''(I) IN GENERAL.—The election to use the average deferral percentage pursuant to subparagraph (C) shall be made, if at all, with respect to the first plan year of the plan (or, if later, the first plan year beginning after

February 1, 1992) and, once made, shall be irrevocable.

''(II) CONSISTENCY REQUIREMENT.—The election to use the average contribution percentage pursuant to section 401(m)(3)(C)(i) will be treated as an election to use the average deferral percentage pursuant to subparagraph (C)(i).''

(2) DISTRIBUTION OF EXCESS CONTRIBUTIONS.—Paragraph (8) of section 401(k) is amended by striking subparagraphs (A), (B), and (C), and inserting the following:

''(A) IN GENERAL.—A cash or deferred arrangement shall not be treated as failing to meet the requirements of clauses (ii) and (iii) of paragraph (3)(A) (or clause (i) of paragraph (3)(C)) for any plan year if, with respect to each highly compensated employee having excess contributions for such plan year, the amount of such excess contributions (and any income allocable to such contributions) is distributed to such employee before the close of the following plan year. Any distribution of excess contributions (and income) may be made without regard to any other provision of law.

''(B) EXCESS CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'excess contributions' means, with respect to any highly compensated employee for any plan year, the excess of—

''(i) the aggregate amount of employer contributions actually paid over to the trust on behalf of such employee for such plan year, over

''(ii) the maximum amount of such contributions permitted under the limitations of paragraph (3).

''(C) PLANS THAT UTILIZE AVERAGING OPTION.—A plan that elects to use the average deferral percentage for highly compensated employees as provided in paragraph (3)(C)(i) must determine the maximum amount of contributions permitted under the limits of paragraph (3)(C)(i) by reducing the contributions made on behalf of highly compensated employees in order of the actual deferral percentages beginning with the highest of such percentages and distribute the excess contributions to the highly compensated employees on the basis of the respective portions of the excess contributions attributable to each such employee. To the extent permitted by regulations, an employee may elect to treat the amount of excess contributions as an amount distributed to the employee and then contributed by the employee to the plan.''

(b) NONDISCRIMINATION TEST FOR MATCHING CONTRIBUTIONS AND EMPLOYEE CONTRIBUTIONS.—

(1) IN GENERAL.—Subparagraph (A) of section 401(m)(2) (relating to contribution percentage requirement) is amended to read as follows:

''(A) CONTRIBUTION PERCENTAGE REQUIREMENT.—A plan meets the contribution percentage requirement of this paragraph for any plan year only if—

''(i) the actual contribution percentage of each eligible highly compensated employee for such plan year does not exceed 200 percent of the average contribution percentage of nonhighly compensated employees for the preceding plan year, and

''(ii) the actual contribution percentage of each eligible highly compensated employee for the plan year does not exceed the average contribution percentage of nonhighly compensated employees for the preceding plan year by more than 3 percentage points.''

(2) CONTRIBUTION PERCENTAGES.—Paragraph (3) of section 401(m) is amended to read as follows:

''(3) CONTRIBUTION PERCENTAGES.—For purposes of this subsection—

''(A) ACTUAL CONTRIBUTION PERCENTAGE.—The actual contribution percentage of any employee for any plan year is the percentage which—

''(i) the sum of the matching contributions and employee contributions paid under the plan on behalf of such employee for such plan year, is of

''(ii) such employee's compensation (within the meaning of section 414(s)) for such plan year.

''(B) AVERAGE CONTRIBUTION PERCENTAGE OF NONHIGHLY COMPENSATED EMPLOYEES.—The average contribution percentage of nonhighly compensated employees for any plan year is the average of the actual contribution percentages for such plan year of all eligible employees other than highly compensated employees.

''(C) SPECIAL RULES.—

''(i) ELECTION TO USE AVERAGE CONTRIBUTION PERCENTAGE FOR HIGHLY COMPENSATED EMPLOYEE.—A plan may provide that in lieu of satisfying the requirements of paragraph (2)(A), a plan meets the contribution requirement of this section if the average contribution percentage for eligible highly compensated employees for such year bears a relationship to the average contribution percentage of nonhighly compensated employees for the preceding plan year which meets either of the following tests:

''(I) The average contribution percentage for the group of eligible highly compensated employees is not more than the average contribution percentage for nonhighly compensated employees for the preceding plan year multiplied by 1.25.

''(II) The excess of the average contribution percentage for the group of eligible highly compensated employees over the average contribution percentage for nonhighly compensated employees for the preceding plan year is not more than 2 percentage points, and the average contribution percentage for the group of eligible highly compensated employees is not more than the average contribution percentage for nonhighly compensated employees for the preceding plan year multiplied by 2.

The average contribution percentage for the group of eligible highly compensated employees is the average of the actual contribution percentages for such plan year of all eligible highly compensated employees.

''(ii) CERTAIN CONTRIBUTIONS MAY BE TAKEN INTO ACCOUNT.—Under regulations, an employer may elect to take into account under subparagraph (A)(i) elective deferrals and qualified nonelective contributions under the plan or any other plan of employer. If matching contributions are taken into account for purposes of subsection (k)(3)(A) for any plan year, such contributions shall not be taken into account under paragraph (2) for such plan year.

''(iii) SPECIAL RULE FOR FIRST PLAN YEAR.—Rules similar to the rules of subsection (k)(3)(C)(ii) shall apply for purposes of this subsection.

''(iv) RULES RELATING TO ELECTIONS.—

''(I) IN GENERAL.—The election to use the average contribution percentage pursuant to subparagraph (C) shall be made, if at all, with respect to the first plan year of the plan (or, if later, the first plan year beginning after February 1, 1992) and, once made, shall be revocable only with the consent of the Commissioner.

''(II) CONSISTENCY REQUIREMENT.—The election to use the average deferral percentage pursuant to section 401(k)(3)(C)(i) will be treated as an election to use the average contribution percentage pursuant to subparagraph (C)(i).''

(3) DISTRIBUTION OF EXCESS AGGREGATE CONTRIBUTIONS.—Paragraph (6) of section 401(m) is amended—

(A) by striking subparagraphs (A) and (B) and inserting the following:

''(A) IN GENERAL.—A plan shall not be treated as failing to meet the requirements of paragraph (1) for any plan year if, with respect to each highly compensated employee having excess aggregate contributions for such plan year, the amount of such excess aggregate contributions (and any income allocable to such contributions) is distributed to such employee before the close of the following plan year (or, if forfeitable, is forfeited). Any distribution of excess aggregate contributions (and income) may be made without regard to any other provision of law.

''(B) EXCESS AGGREGATE CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'excess aggregate contributions' means, with respect to any highly compensated employee for any plan year, the excess of—

''(i) the aggregate amount of the matching contributions and employee contributions (and any qualified nonelective contribution or elective contribution taken into account under paragraph (3)(A)(i)) actually made on behalf of such employee for such plan year, over

''(ii) the maximum amount of such contributions permitted under the limitations of paragraph (2)(A).''

''(C) PLANS THAT UTILIZE AVERAGING OPTION.—A plan that elects to use the average contribution percentage for highly compensated employees as provided in paragraph (3)(C)(i) must determine the maximum amount of contributions permitted under the limits of paragraph (3)(C)(i) by reducing the contributions made on behalf of highly compensated employees in order of the actual contribution percentages beginning with the highest of such percentages and distribute the excess aggregate contributions to the highly compensated employees on the basis of the respective portions of the excess aggregate contributions attributable to each such employee. Forfeitures of excess aggregate contributions may not be allocated to participants whose contributions are reduced under this paragraph.''

(4) CONFORMING AMENDMENT.—Paragraph (9) of section 401(m) is amended to read as follows:

''(9) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection and subsection (k), including regulations permitting appropriate aggregation of plans and contributions.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning on or after February 1, 1992.

SEC. 358. DEFINITION OF HIGHLY COMPENSATED EMPLOYEE.

(a) GENERAL RULE.—Subsection (q) of section 414 (defining highly compensated employee) is amended to read as follows:

''(q) HIGHLY COMPENSATED EMPLOYEE.—

''(1) IN GENERAL.—The term 'highly compensated employee' means any employee who, during the year or the preceding year—

''(A) was a 5-percent owner, or

''(B) received compensation from the employer in excess of $50,000.

The Secretary shall adjust the $50,000 amount specified in subparagraph (B) at the same time and in the same manner as under section 415(d).

''(2) SPECIAL RULE FOR CURRENT YEAR.—In the case of the year for which the relevant determination is being made, an employee not described in subparagraph (B) of paragraph (1) for the preceding year (without regard to this paragraph) shall not be treated as described in such subparagraph for the year for which the determination is being made unless such employee is a member of the group consisting of the 100 employees paid the highest compensation during the year for which such determination is being made.

''(3) 5-PERCENT OWNER.—An employee shall be treated as a 5-percent owner for any year if at any time during such year such employee was a 5-percent owner (as defined in section 416(i)(1)) of the employer.

''(4) SPECIAL RULE IF NO EMPLOYEE DESCRIBED IN PARAGRAPH (1).—If no employee is treated as a highly compensated employee under paragraph (1), the employee who has the highest compensation for the year shall be treated as a highly compensated employee.

''(5) COMPENSATION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'compensation' means compensation within the meaning of section 415(c)(3).

''(B) CERTAIN PROVISIONS NOT TAKEN INTO ACCOUNT.—The determination under subparagraph (A) shall be made—

''(i) without regard to sections 125, 402(e)(3), 402(h)(1)(B), and 414(h)(2), and

''(ii) in the case of employer contributions made pursuant to a salary reduction agreement, without regard to sections 403(b) and 457.

''(6) FORMER EMPLOYEES.—A former employee shall be treated as a highly compensated employee if—

''(A) such employee was a highly compensated employee when such employee separated from service, or

''(B) such employee was a highly compensated employee at any time after attaining age 55.

''(7) COORDINATION WITH OTHER PROVISIONS.—Subsections (b), (c), (m), (n), and (o) shall be applied before the application of this section.

''(8) SPECIAL RULE FOR NONRESIDENT ALIENS.—For purposes of this subsection, any employee described in subsection (r)(9)(F) shall not be treated as an employee.''

(b) CONFORMING AMENDMENTS.—

(1)(A) Section 414(r) is amended by adding at the end thereof the following new paragraph:

''(9) EXCLUDED EMPLOYEES.—For purposes of this subsection, the following employees shall be excluded:

''(A) Employees who have not completed 6 months of service.

''(B) Employees who normally work less than 17½ hours per week.

''(C) Employees who normally work not more than 6 months during any year.

''(D) Employees who have not attained the age of 21.

''(E) Except to the extent provided in regulations, employees who are included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and the employer.

''(F) Employees who are nonresident aliens and who receive no earned income (within the meaning of section 911(d)(2)) from the employer which constitutes income from sources within the United States (within the meaning of section 861(a)(3)).

Except as provided by the Secretary, the employer may elect to apply subparagraph (A), (B), (C), or (D) by substituting a shorter period of service, smaller number of hours or months, or lower age for the period of service, number of hours or months, or age (as the case may be) specified in such subparagraph.''

(B) Subparagraph (A) of section 414(r)(2) is amended by striking ''subsection (q)(8)'' and inserting ''paragraph (9)''.

(2) Paragraph (2) of section 414(s) is amended to read as follows:

''(2) EMPLOYER MAY ELECT TO TREAT CERTAIN DEFERRALS AS COMPENSATION.—An employer may elect to include all of the following amounts as compensation:

''(A) Amounts not includible in the gross income of the employee under section 125, 402(e)(3), 402(h)(1)(B), or 414(h)(2).

''(B) Amounts contributed by the employer under a salary reduction agreement and not includible in gross income under section 403(b) or 457.''

(3) Paragraph (17) of section 401(a) is amended by striking the last sentence.

(4) Subsection (1) of section 404 is amended by striking the last sentence.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning on or after February 1, 1992.

SEC. 359. ELIMINATION OF SPECIAL VESTING RULE FOR MULTIEMPLOYER PLANS.

(a) INTERNAL REVENUE CODE AMENDMENT.—Paragraph (2) of section 411(a) (relating to minimum vesting standards) is amended—

(1) by striking ''subparagraph (A), (B), or (C)'' and inserting ''subparagraph (A) or (B)''; and

(2) by striking subparagraph (C).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning on or after the earlier of—

(1) the later of—

(A) January 1, 1993, or

(B) the date on which the last of the collective bargaining agreements pursuant to which the plan is maintained terminates (determined without regard to any extension thereof after the date of the enactment of this Act), or

(2) January 1, 1995.

Such amendments shall not apply to any individual who does not have more than 1 hour of service under the plan on or after the 1st day of the 1st plan year to which such amendments apply.

Subtitle E—Other Provisions

PART I—PROVISIONS RELATING TO CHARITABLE CONTRIBUTIONS

SEC. 361. THE ALTERNATIVE MINIMUM TAX.

(a) REPEAL OF TAX PREFERENCE.—Subsection (a) of section 57 is amended by striking paragraph (6) (relating to the appreciated property charitable deduction under the alternative minimum tax) and by redesignating paragraph (7) as paragraph (6).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in calendar years ending on or after December 31, 1992.

SEC. 362. ALLOCATION AND APPORTIONMENT.

(a) APPLICATION OF SECTION 864(E)(6).—Paragraph (6) of section 864(e) is amended by designating the existing text as subparagraph (A), by inserting the heading ''AFFILIATED GROUP RULE'' before the text of subparagraph (A), and by adding at the end thereof the following new subparagraph:

''(B) ALLOCATION AND APPORTIONMENT OF CHARITABLE DEDUCTIONS.—A charitable contribution allowable as a deduction in computing taxable income for a taxable year shall be allocated and apportioned solely to gross income from sources within the United States. For purposes of the preceding sentence, all members of an affiliated group shall be treated as a single corporation.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in calendar years ending on or after December 31, 1992.

SEC. 363. INFORMATION REPORTING OF LARGE DONATIONS.

(a) REPORTING BY DONEES.—

(1) REPORTING REQUIREMENT.—Subpart B of part III of subchapter A of chapter 61 is amended by adding at the end thereof the following new section:

''SEC. 6050P. RETURNS RELATING TO CERTAIN CHARITABLE CONTRIBUTIONS.

''(a) GENERAL RULE.—The donee of any large charitable donation shall make a return (in accordance with forms and regulations prescribed by the Secretary) showing—

''(1) the name, address, and TIN of the donor,

''(2) the amount of the contribution (or the value, if the contribution is made other than in money), and

''(3) the circumstances under which the contribution was made.

''(b) LARGE CHARITABLE DONATION.—For purposes of this section, the term 'large charitable donation' means any combination of money or value of property contributed by an individual during the calendar year in contributions for which a deduction could potentially be claimed under section 170, based on the donee's determination that it did not provide substantial goods or services in exchange for the contribution, if the amount of such contributions exceeds $500.

''(c) STATEMENT TO BE FURNISHED TO DONORS.—Every person making a return under subsection (a) shall furnish a copy of such return to the donor at such time and in such manner as the Secretary may by regulations prescribe.

''(d) EXCEPTIONS FROM FILING.—Subsection (a) shall not apply to any organization exempt from the filing requirements of section 6033 by reason of the organization's normal level of gross receipts, whether exempted by section 6033(a)(2)(A)(ii) or by the Secretary pursuant to section 6033(a)(2)(B).''

(2) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 (as amended by section 363 of this Act) is amended by adding at the end thereof the following new item:

''Sec. 6050P. Returns relating to certain charitable contributions.''

(b) DENIAL OF DEDUCTION.—Except as otherwise provided by regulations, no deduction for a large charitable donation (as defined in section 6050P of the Internal Revenue Code) shall be allowed unless the donor includes on the return on which such deduction is first claimed such additional information as the Secretary may prescribe (by form or regulation).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made on or after July 1, 1992.

PART II—OTHER PROVISIONS

SEC. 371. EXTEND MEDICARE HOSPITAL INSURANCE (HI) COVERAGE TO ALL STATE AND LOCAL EMPLOYEES.

(a) APPLICATION OF HOSPITAL INSURANCE TAX.—Paragraph (2) of section 3121(u) (relating to the application of the hospital insurance tax to State and local employment) is amended:

(1) by striking ''subparagraphs (B) and (C)'' and inserting ''subparagraph (B)'' in subparagraph (A), and

(2) by deleting subparagraphs (C) and (D).

(b) ENTITLEMENT TO HOSPITAL INSURANCE BENEFITS.—

(1) Section 210(p) of the Social Security Act (42 U.S.C. 410(p)) is amended:

(A) by striking ''paragraphs (2) and (3)'' and inserting ''paragraph (2)'' in paragraph (1)(B), and

(B) by deleting paragraphs (3) and (4).

(2) Section 218(n) of the Social Security Act (42 U.S.C. 418(n)) is repealed.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to services performed after June 30, 1992.

(2) SERVICES PERFORMED BEFORE JULY 1, 1992.—If any service performed by an individual during July 1992 is medicare qualified government employment (as defined in section 210(p) of the Social Security Act (42 U.S.C. 410(p)), as amended by subsection (b) of this section), the amendments made by subsection (b) of this section shall apply to all periods (if any) of service performed by that individual before July 1, 1992 that would

be medicare qualified government employment (as so defined) if performed after June 30, 1992.

(3) DISABILITY BEFORE JULY 1, 1992.—For purposes of establishing entitlement to hospital insurance benefits under part A of title XVIII of the Social Security Act pursuant to the amendments made by subsection (b) of this section, no individual may be considered to be under a disability for any period before July 1, 1992.

(4) CONFORMING AMENDMENT.—Section 278(d)(2)(A) of the Tax Equity and Fiscal Responsibility Act of 1982, Public Law No. 97–248, as amended by section 309(a)(11) of the Technical Corrections Act of 1982, Public Law No. 97–448, is amended by inserting ''or of section 371(c)(2) of the Long Term Growth Act of 1992'' after ''subsection''.

SEC. 372. CONFORM TAX ACCOUNTING TO FINANCIAL ACCOUNTING FOR SECURITIES DEALERS.

(a) GENERAL RULE.—Subpart D of part II of subchapter E of chapter 1 of the Internal Revenue Code of 1986 (relating to inventories) is amended by inserting at the end thereof the following new section:

"SEC. 475. MARK TO MARKET INVENTORY METHOD FOR DEALERS IN STOCK OR SECURITIES.

''(a) GENERAL RULE.—Each stock or security held for resale to customers in the ordinary course of the taxpayer's trade or business at the close of the taxable year shall be treated as sold for its fair market value on the last business day of such taxable year and any gain or loss shall be taken into account for that taxable year.

''(b) BASIS ADJUSTMENT REQUIRED.—Proper adjustment shall be made to the taxpayer's basis in each stock or security so that any gain or loss subsequently realized is not recognized to the extent such gain or loss was previously taken into account by reason of subsection (a).

''(c) DERIVATIVE FINANCIAL INSTRUMENTS HELD BY DEALERS.—A taxpayer that is required by subsection (a) to treat stocks or securities held for resale to customers in the ordinary course of the taxpayer's trade or business as sold for their fair market value on the last business day of the taxable year shall—

''(1) treat all derivative financial instruments held at the close of the taxable year as sold for their fair market value on the last business day of the taxable year, and

''(2) properly adjust the amount of gain or loss subsequently realized for gain or loss taken into account by reason of paragraph (1).

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) STOCK OR SECURITIES DEFINED.—The term 'stock or securities' shall include stock or securities as defined in section 851(b)(2), 1091(a), or 1236(c), and notional principal contracts.

''(2) DEALERS OR TRADERS IN NOTIONAL PRINCIPAL CONTRACTS.—A dealer or trader in notional principal contracts shall be treated as holding such contracts for resale to customers in the ordinary course of its trade or business.

''(3) DERIVATIVE FINANCIAL INSTRUMENTS DEFINED.—The term 'derivative financial instruments' includes commodities, options, forward contracts, futures contracts, notional principal contracts, short positions in securities, and any similar financial instrument.

''(4) SECTION 263A SHALL NOT APPLY.—The cost capitalization rules of section 263A shall not apply to stock, securities, or derivative financial instruments accounted for under this section.

''(e) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including rules to prevent the use of year-end transfers, related parties, or other arrangements to avoid the effect of this section.''

(b) CONFORMING AMENDMENT.—Subsection (b) of section 471 is amended to read as follows:

''(b) CROSS REFERENCES.—

"(1) For rules relating to the inventory method that conforms to the best accounting practice for dealers in stock or securities, see section 475.

"(2) For rules relating to capitalization of direct and indirect costs of property, see section 263A."

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part II of Subchapter E of chapter 1 is amended by adding at the end thereof the following new item:

''Sec. 475. Conform tax accounting to financial accounting for securities dealers.''

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to all taxable years ending on or after December 31, 1992.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by this section to change its method of accounting for any taxable year—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary,

(C) the change in method of accounting shall be implemented by valuing each stock or security to which the amendments of this section apply at its fair market value on the last day of the first taxable year ending on or after December 31, 1992, and

(D) 10 percent of any increase or decrease in value by reason of subparagraph (C) shall be taken into account in each of the 10 taxable years beginning with the first taxable year ending on or after December 31, 1992.

SEC. 373. DISALLOWANCE OF INTEREST DEDUCTIONS ON CORPORATE OWNED LIFE INSURANCE

(a) DISALLOWANCE OF DEDUCTION.—Subsection (a) of section 264 is amended—

(1) by striking ''to the extent that the aggregate amount of such indebtedness with respect to policies covering such individuals exceeds $50,000'' in paragraph (4), and

(2) by striking the last sentence thereof.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to interest incurred on or after February 1, 1992.

SEC. 374. CLARIFICATION OF TREATMENT OF CERTAIN FSLIC ASSISTANCE.

(a) GENERAL RULE.—For purposes of chapter 1 of the Internal Revenue Code of 1986—

(1) no deduction is allowed under section 165 of such Code for a loss on the disposition of property to the extent that the taxpayer has a right to be reimbursed for the loss with FSLIC Assistance, and

(2) no deduction is allowed under section 166, 585, or 593 of such Code with respect to any debt to the extent that the taxpayer has a right to be reimbursed for the debt with FSLIC Assistance.

(b) FSLIC ASSISTANCE.—For purposes of this section, the term ''FSLIC Assistance'' means any money or other property provided with respect to a domestic building and loan association (as defined in section 7701(a)(19) of such Code without regard to subparagraph (C) thereof) pursuant to section 406(f) of the National Housing Act or section 21A of the Federal Home Loan Bank Act (or any similar provision of law). The term ''FSLIC Assistance'' does not include money or other property to which the amendments made by section 1401(a)(3) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 apply.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The provisions of this section apply to FSLIC Assistance credited on or after March 4, 1991, with respect to property disposed of and chargeoffs made in taxable years ending on or after March 4, 1991.

(2) SPECIAL RULE FOR NET OPERATING LOSS CARRYOVERS.—The amount of any net operating loss carryover to a taxable year ending on or after March 4, 1991, must be reduced by the amount of FSLIC Assistance credited on or after March 4, 1991, with respect to property disposed of or chargeoffs made in taxable years ending before March 4, 1991.

SEC. 375. EQUALIZING TAX TREATMENT OF LARGE CREDIT UNIONS AND THRIFTS.

(a) REPEAL OF EXEMPTION.—Subparagraph (A) of section 501(c)(14) is amended to read as follows:

''(A) Small credit unions without capital stock organized and operated for mutual purposes and without profit. For purposes of this subparagraph, a credit union is a small credit union unless, for any taxable year, the average adjusted basis of all of its assets exceeds $50,000,000.''

(b) REPEAL OF DEDUCTION FOR DIVIDENDS PAID.—Subsection (a) of section 591 is amended by inserting ''credit unions that are not small credit unions as defined in section 501(c)(14)(A),'' after ''domestic building and loan associations,''.

(c) RESERVES FOR BAD DEBTS.—

(1) IN GENERAL.—Paragraph (1) of section 593(a) is amended by striking ''or'' at the end of subparagraph (B), by inserting ''or'' at the end of subparagraph (C), and by inserting after subparagraph (C) the following new subparagraph:

''(D) any credit union that is not a small credit union as defined in section 501(c)(14)(A),''.

(2) CONFORMING AMENDMENT.—Paragaph (2) of section 593(a) is amended by striking ''association or bank'' and inserting ''entity''.

(d) EFFECTIVE DATE.—The provisions of this section apply for taxable years ending on or after December 31, 1992.

SEC. 376. TREATMENT OF ANNUITIES WITHOUT LIFE CONTINGENCIES.

(a) LIFE CONTINGENCY REQUIRED FOR ANNUITY TREATMENT.—Paragraph (5) of section 72(c) is amended to read as follows:

(5) ANNUITY CONTRACT.—

''(A) IN GENERAL.—For purposes of this subtitle (other than subchapter L), a contract is treated as an annuity contract only if the purchaser irrevocably chooses as a settlement option a series of substantially equal periodic payments (not less frequently than annually) made for the life of the annuitant or the joint lives of the annuitants. The settlement option must be irrevocable as of the date the contract is entered into.

''(B) CERTAIN FEATURES.—

''(i) TERM CERTAIN FEATURE.—If the settlement option described in subparagraph (A) contains a term certain feature, that feature may not guarantee that periodic payments will be made for a period of time that exceeds one-third of the life expectancy of the annuitant determined as of the annuity starting date.

''(ii) AMOUNT CERTAIN FEATURE.—If the settlement option described in subparagraph (A) contains an amount certain feature, that feature may not guarantee that an amount will be paid that exceeds one-third of the cash value of the contract (determined without regard to any surrender charge) determined as of the annuity starting date (or date of annuitant's death, if earlier).

''(C) SPECIAL RULES.—This paragraph shall not apply to—

''(i) annuities purchased by a trust described in section 401(a) which is exempt from tax under section 501(a),

''(ii) annuities purchased as part of a plan described in section 403(a),

''(iii) annuities described in section 403(b),

''(iv) annuities provided for employees of a life insurance company under a plan described in section 818(a)(3),

''(v) amounts received from an individual retirement account or an individual retirement annuity,

''(vi) individual retirement annuities,

''(vii) amounts received from a trust described in section 401(a) which is exempt from tax under section 501(a), and

''(viii) annuities which qualify as a 'qualified funding asset' in accordance with section 130(d).''

(b) EFFECTIVE DATE.—The provisions of this section apply to all contracts entered into on or after the date of enactment of this Act.

SEC. 377. EXPANSION OF 45-DAY INTEREST-FREE PERIOD.

(a) IN GENERAL.—Subsection (e) of section 6611 (relating to interest on overpayments) is amended to read as follows:

''(e) TAX REFUND WITHIN 45 DAYS.—No interest shall be allowed under subsection (a) on any overpayment of tax imposed by this title if such overpayment—

''(1) is refunded within 45 days after the last date prescribed for filing the return of such tax (determined without regard to any extension of time for filing the return),

''(2) is refunded within 45 days after the date the return is filed, in case the return is filed after such last date, or

''(3) is refunded within 45 days of the date the right to the refund arises, in case the right to the refund arises other than pursuant to the original filing of a tax return.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to returns due on or after July 1, 1992, and to all other refunds made on or after such date.

SEC. 378. USE OF INTERNAL REVENUE SERVICE AND SOCIAL SECURITY ADMINISTRATION DATA FOR INCOME VERIFICATION.

(a) Section 6103(1)(7) of the Internal Revenue Code of 1986 is amended by striking out ''Clause (viii) shall not apply after September 30, 1992.'' at the end thereof.

It was decided in the negative ..... { Yeas ..... 1 / Nays 427

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Andrews (TX)
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Armey
Aspin
Atkins
AuCoin
Bacchus
Baker
Ballenger
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Boxer
Brewster
Brooks
Broomfield
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Byron
Callahan
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Campbell (CA)
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Cardin
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Chapman
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Coleman (MO)
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooper
Costello
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Derrick
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Dixon
Donnelly
Dooley
Doolittle
Dorgan (ND)
Dornan (CA)
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Dreier
Duncan
Durbin
Dwyer
Dymally
Early
Eckart
Edwards (CA)
Edwards (OK)
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Emerson
Engel
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Erdreich
Espy
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Fascell
Fawell
Fazio
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Fields
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Flake
Foglietta
Ford (MI)
Ford (TN)
Frank (MA)
Franks (CT)
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Gilchrest
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Grandy
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Guarini
Gunderson
Hall (OH)
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Hamilton
Hammerschmidt
Hancock
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Harris
Hastert
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Hayes (IL)
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Hopkins
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Hughes
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Jacobs
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Johnson (CT)
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Johnson (TX)
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Jones (GA)
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McCrery
McCurdy
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Miller (CA)
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Panetta
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Patterson
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Peterson (FL)
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Petri
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Porter
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Pursell
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Ramstad
Rangel
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Regula
Rhodes
Richardson
Ridge
Riggs
Rinaldo
Ritter
Roberts
Roe
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Rostenkowski
Roth
Roukema
Rowland
Roybal
Russo
Sabo
Sanders
Sangmeister
Santorum
Sarpalius
Savage
Sawyer
Saxton
Schaefer
Scheuer
Schiff
Schroeder
Schulze
Schumer
Sensenbrenner
Serrano
Sharp
Shaw
Shays
Shuster
Sikorski
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NJ)
Smith (OR)
Snowe
Solarz
Solomon
Spence
Spratt
Staggers
Stallings
Stark
Stearns
Stenholm
Stokes
Studds
Stump
Sundquist
Swett
Swift
Synar
Tallon
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Thomas (CA)
Thomas (GA)
Thomas (WY)
Thornton
Torres
Torricelli
Towns
Traficant
Traxler
Unsoeld
Upton
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Washington
Waters
Waxman
Weber
Weiss
Weldon
Wheat
Williams
Wilson
Wise
Wolf
Wolpe
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—6

Coleman (TX)
Dannemeyer
Dickinson
Smith (TX)
Valentine
Whitten

So the amendment in the nature of a substitute was not agreed to.

After some further time,

The SPEAKER pro tempore, Mr. LEWIS of Georgia, assumed the Chair.

When Mr. BENNETT, Acting Chairman, reported that the Committee, having had under consideration said bill, had come to no resolution thereon.

¶18.12 RESIGNATION FROM COMMITTEE—MAJORITY

The SPEAKER pro temore, Mr. LEWIS of Georgia, laid before the House the following communication:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, February 5, 1992.

Hon. THOMAS S. FOLEY,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR SPEAKER FOLEY: In anticipation of my election to the Committee on Veterans Affairs, I hereby resign my membership on the Committee on Merchant Marine and Fisheries.

Mr. Speaker, it has been a pleasure and honor to serve with my colleagues on the Merchant Marine and Fisheries Committee. They are men and women of dedication and high caliber, whom I am proud to call friends. While I will miss them, and the issues before that Committee, I look forward to my new assignment working with Chairman Montgomery and the members of the Veterans Affairs Committee.

Thank you.

Sincerely,

BOB CLEMENT,
Member of Congress.

By unanimous consent, the resignation was accepted.

¶18.13 PROVIDING FOR THE CONSIDERATION OF H.R. 3844

Mr. WHEAT, by direction of the Committee on Rules, called up the following resolution (H. Res. 375):

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 3844) to assure the protection of Haitians in the United States or in United States custody pending the resumption of democratic rule in Haiti. All points of order against consideration of the bill are waived. The first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and the amendments, made in order by this resolution and which shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amend-

ment in the nature of a substitute recommended by the Committee on the Judiciary now printed in the bill. Said substitute shall be considered as read. All points of order against said substitute for failure to comply with clause 7 of rule XVI are waived. No amendment to said substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Unless otherwise specified in the report each amendment shall be considered in the order stated, may be ordered only by the Member specified or a designee, shall be considered as read when called up for consideration, shall be debatable for twenty minutes equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute made in order as original text. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

When said resolution was considered.

On motion of Mr. WHEAT, the previous question was ordered on the resolution to its adoption or rejection.

The question being put, viva voce,

Will the House agree to said resolution?

The SPEAKER pro tempore, Mr. LEWIS of Georgia, announced that the yeas had it.

On a division demanded by Mr. WALKER, there appeared, yeas—45, nays—27.

So the resolution was agreed to.

A motion to reconsider the vote whereby said resolution was agreed to was, by unanimous consent, laid on the table.

¶18.14 HAITIAN DEMOCRATIC RULE

The SPEAKER pro tempore, Mr. LEWIS of Georgia, pursuant to House Resolution 375 and rule XXIII, declared the House resolved into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 3844) to assure the protection of Haitians in the United States or in United States custody pending the resumption of democratic rule in Haiti.

The SPEAKER pro tempore, Mr. LEWIS of Georgia, by unanimous consent, designated Mr. MFUME as Chairman of the Committee of the Whole.

The Acting Chairman, Mr. WHEAT assumed the Chair; and after some time spent therein,

The SPEAKER pro tempore, Mr. MAZZOLI, assumed the Chair.

When Mr. MFUME, Chairman, reported that the Committee, having had under consideration said bill, had come to no resolution thereon.

¶18.15 LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HOYER, for today.

And then,

¶18.16 ADJOURNMENT

On motion of Mr. WALKER, pursuant to the special order agreed to on Tuesday, February 25, 1992, at 8 o'clock and 43 minutes p.m., the House adjourned until 10 o'clock a.m. on Thursday, February 27, 1992.

¶18.17 REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ROE: Committee on Public Works and Transportation. H.R. 3118. A bill to designate Federal Office Building Number 9 located at 1900 E Street, Northwest, in the District of Columbia, as the ''Theodore Roosevelt Federal Building'' (Rept. No. 102–438). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. H.R. 2539. A bill to designate the Federal building and U.S. courthouse located at 402 East State Street in Trenton, NJ, as the ''Clarkson S. Fisher Federal Building and United States Courthouse'' (Rept. No. 102–439). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. H.R. 2818. A bill to designate the Federal building located at 78 Center Street in Pittsfield, MA, as the ''Silvio O. Conte Federal Building,'' and for other purposes (Rept. No. 102–440). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. H.R. 3041. A bill to designate the Federal building located at 1520 Market Street, St. Louis, MO, as the ''L. Douglas Abram Federal Building'' (Rept. No. 102–441). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. H.R. 2475. A bill to designate the U.S. courthouse being constructed at 400 Cooper Street in Camden, NJ, as the ''Mitchell H. Cohen United States Courthouse'' (Rept. No. 102–442). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. H.R. 3818. A bill to designate the building located at 80 North Hughey Avenue in Orlando, FL, as the ''George C. Young United States Courthouse and Federal Building'' (Rept. No. 102–4434). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. S. 1889. An act to designate the U.S. courthouse located at 111 South Wolcott in Casper, WY, as the ''Ewing T. Kerr United States Courthouse''; with amendments (Rept. No. 102–444). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. S. 1467. An act to designate the U.S. Courthouse located at 15 Lee Street in Montgomery, AL, as the ''Frank M. Johnson, Jr. United States Courthouse''; with amendments (Rept. No. 102–445). Referred to the House Calendar.

¶18.18 PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GILMAN:

H.R. 4314. A bill to amend the Internal Revenue Code of 1986 to allow a refundable credit for the purchase of domestically manufactured automobiles; to the Committee on Ways and Means.

By Mr. FAWELL (for himself, Mr. PENNY, Mr. BAKER, Mr. BALLENGER, Mr. BOEHNER, Mr. CHANDLER, Mr. COX of California, Mr. CRANE, Mr. DANNEMEYER, Mr. BURTON of Indiana, Mr. DOOLITTLE, Mr. DUNCAN, Mr. GOSS, Mr. HANCOCK, Mr. HUNTER, Mr. LUKEN, Mr. MOORHEAD, Mr. OXLEY, Mr. PETRI, Mr. SENSENBRENNER, Mr. SOLOMON, Mr. STENHOLM, Mr. WALKER, Mr. ZIMMER, Mr. ARMEY, Mrs. JOHNSON of Connecticut, Mr. KLUG, and Mr. SHAYS):

H.R. 4315. A bill to rescind unauthorized appropriations for fiscal year 1992; to the Committee on Appropriations.

By Mrs. BYRON:

H.R. 4316. A bill to amend title 10, United States Code, to establish a volunteer program to use the technical skills of recently retired and separated members of the Armed Forces to assist in meeting the infrastructure needs of East European countries, the Baltic States, and the former Soviet Republics; jointly, to the Committees on Armed Services and Foreign Affairs.

By Mr. ORTON:

H.R. 4317. A bill to amend section 21A of the Federal Home Loan Bank Act to provide improvement in the operations of the Resolution Trust Corporation, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. GIBBONS (by request):

H.R. 4318. A bill to make certain miscellaneous and technical amendments to the Harmonized Tariff Schedule of the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. BAKER:

H.R. 4319. A bill to amend the Internal Revenue Code of 1986 to restore the deduction for interest on higher education loans and to permit penalty-free withdrawals from qualified retirement plans to pay for higher education expenses; to the Committee on Ways and Means.

By Mr. BUSTAMANTE

H.R. 4320. A bill to amend title 10, United States Code, to extend coverage under the Civilian Health and Medical Program of the uniformed services to members of the armed services who are discharged or released from active duty after completing 8 or more, but less than 20 years, of active service and to the dependents of such members; to the Committee on Armed Services.

By Mr. HANSEN:

H.R. 4321. A bill to amend the Radiation Exposure Compensation Act relating to judicial review of a denial of a claim under that act; to the Committee on the Judiciary.

By Ms. MOLINARI (for herself, Mr. EMERSON, Mr. GOODLING, and Mr. HALL of Ohio):

H.R. 4322. A bill to amend the Child Nutrition Act of 1966 to establish a breastfeeding promotion program; to the Committee on Education and Labor.

By Mr. KILDEE (for himself, Mr. FORD of Michigan, Mr. MILLER of California, Mr. MURPHY, Mr. MARTINEZ, Mr. OWENS of New York, Mr. PERKINS, Mr. SAWYER, Mrs. LOWEY of New York, and Mr. OLVER):

H.R. 4323. A bill to improve education for all students by restructuring the education system in the States; to the Committee on Education and Labor.

By Mr. RUSSO (for himself and Mr. DONNELLY):

H.R. 4324. A bill to amend the Internal Revenue Code of 1986 to require continuation coverage under an employer group health plan for both current and former employees of an employer in bankruptcy proceedings; to the Committee on Ways and Means.

By Mr. VENTO:

H.R. 4325. A bill to improve the wilderness management, wilderness research, and special management area programs of the For-

est Service, including better coordination with the wilderness management and research programs of the Department of the Interior; jointly, to the Committees on Agriculture and Interior and Insular Affairs.

H.R. 4326. A bill to improve the wilderness management and wilderness research programs of the National Park Service and Bureau of Land Management in the Department of the Interior; to the Committee on Interior and Insular Affairs.

H.R. 4327. A bill to improve the wilderness management and wilderness research programs of the U.S. Fish and Wildlife Service in the Department of the Interior including better coordination with the National Park Service and Bureau of Land Management; jointly, to the Committees on Merchant Marine and Fisheries and Interior and Insular Affairs.

By Mr. WALSH:

H.R. 4328. A bill to amend the Department of Housing and Urban Development Act to prohibit the Secretary of Housing and Urban Development from making lump sum relocation assistance payments, except under certain circumstances; to the Committee on Banking, Finance and Urban Affairs.

By Mr. FEIGHAN (for himself, Mr. SMITH of Florida, Mr. SCHEUER, Mr. MILLER of Washington, Mr. GREEN of New York, Mr. STUDDS, Mr. JOHNSTON of Florida, Mr. FAZIO, Ms. KAPTUR, Mr. TORRES, Mr. HOYER, Ms. NORTON, Mr. DERRICK, Mr. FROST, Mr. OWENS of New York, Mr. WAXMAN, Mrs. MORELLA, Mr. STARK, Mr. CAMPBELL of Colorado, Mr. WYDEN, Mr. SABO, Mr. JACOBS, Mr. EVANS, Mr. MANTON, Mr. GEJDENSON, Mr. BATEMAN, Mr. MRAZEK, Mr. MCGRATH, Mr. ATKINS, Mr. SCHIFF, Mr. RANGEL, and Mr. CLAY):

H.R. 4329. A bill to amend title 18, United States Code, to deny convicted felons and other individuals the opportunity to seek administrative relief from prohibitions against possessing, shipping, transporting, or receiving firearms or ammunition, and to eliminate the authority of the Federal courts to admit additional evidence in reviewing denials of such administrative relief for other persons; to the Committee on the Judiciary.

By Mr. AUCOIN (for himself, Mr. DEFAZIO, Mr. KOPETSKI, Mr. WYDEN, Mr. SMITH of Oregon, Mr. DICKS, Mr. MCDERMOTT, Mr. SWIFT, Mrs. UNSOELD, and Mr. MORRISON:

H.J. Res. 423. Joint resolution designating 1992 as ''Columbia River Bicentennial Year'' and May 11, 1992 as ''Captain Robert Gray Day''; to the Committee on Post Office and Civil Service.

By Mr. BENNETT:

H.J. Res. 424. Joint resolution to designate April 9, 1992, as a ''Day of Recognition of Filipino World War II Veterans''; jointly, to the Committees on Post Office and Civil Service and Foreign Affairs.

By Mr. HARRIS (for himself, Mr. BILIRAKIS, Mr. BLILEY, Mr. CALLAHAN, Mr. COOPER, Mr. ERDREICH, MR. ESPY, Mr. GEREN of Texas, Mrs. PATTERSON, Mr. PAYNE of Virginia, Mr. PETERSON of Florida, Mr. PRICE, Mr. RAVENEL, Mr. ROWLAND, Mr. SISISKY, Mrs. LLOYD, Mr. HAYES of Louisiana, Mr. LEWIS of Georgia, Mr. JENKINS, Mr. HEFNER, Mr. BREWSTER, Mr. BARNARD, Mr. ANTHONY, Mr. CHAPMAN, Mr. PICKLE, Mr. TAUZIN, and Mr. GORDON):

H.J. Res. 425. Joint resolution designating May 10, 1992, as ''Infant Mortality Awareness Day''; to the Committee on Post Office and Civil Service.

By Mr. TAYLOR of North Carolina (for himself, Mr. WALSH, Mr. FORD of Michigan, Mr. JONES of North Carolina, Mr. RIGGS, Mr. BACCHUS, Mr. LIVINGSTON, Mr. PAYNE of New Jersey, Mr. EMERSON, Mr. DE LA GARZA, Mr. RANGEL, Mr. GUARINI, Mr. LIPINSKI, Mr. BENNETT, Mr. MCMILLEN of Maryland, Mr. JEFFERSON, Mr. HORTON, Mr. TOWNS, Mr. DE LUGO, Mr. TRAXLER, and Mr. COBLE):

H.J. Res. 426. Joint resolution designating May 7, 1992, as ''National Barrier Awareness Day''; to the Committee on Post Office and Civil Service.

By Mr. FASCELL (for himself, Mr. YATRON, and Mr. TORRICELLI):

H. Con. Res. 283. Concurrent resolution expressing the sense of the Congress with respect to United States participation in the United Nations Conference on Environment and Development [UNCED]; to the Committee on Foreign Affairs.

By Mr. DELLUMS:

H. Res. 378. Resolution expressing the sense of the House that the Governor of the State of California, or the California Board of Prison Terms, or both, should take actions within their power to bring about the reconsideration of the 1972 conviction and/or the immediate release from prison of Elmer ''Geronimo'' Pratt, and that the Judiciary Committee should inquire into the information known to the Federal Bureau of Investigation, which was not released to the California Attorney General and courts in 1980; to the Committee on the Judiciary.

By Mr. GAYDOS:

H. Res. 379. Resolution providing amounts from the contingent fund of the House for the expenses of investigations and studies by standing and select committees of the House in the second session of the One Hundred Second Congress; to the Committee on House Administration.

By Mr. MORAN (for himself, Mr. ARMEY and Mr. KENNEDY):

H. Res. 380. Resolution condemning the forced repatriation of Vietnamese refugees in Hong Kong; to the Committee on Foreign Affairs.

By Mr. TRAFICANT:

H. Res. 381. Resolution urging the Committee on Foreign Affairs of the House of Representatives to conduct hearings to investigate the pattern of abuse by members of the royal family and government agencies of Saudi Arabia in their commercial dealings with citizens and companies of the United States; to the Committee on Foreign Affairs.

By Mrs. UNSOELD (for herself and Mr. AUCOIN):

H. Res. 382. Resolution expressing the sense of the House of Representatives that the United States should secure international agreements to ensure effective implementation and compliance with United Nations General Assembly Resolution 46/215 (calling for a worldwide ban on large-scale driftnet fishing); to the Committee on Merchant Marine and Fisheries.

¶18.19 ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 11: Mr. MORRISON.

H.R. 50: Mr. ANDREWS of Maine, Mr. ATKINS, Mrs. BOXER, Mr. KOSTMAYER, Mr. MCDERMOTT, Mr. MARTINEZ, and Mr. MINETA.

H.R. 78: Mr. BLILEY.

H.R. 110: Mr. LUKEN.

H.R. 327: Mr. SANTORUM.

H.R. 727: Mr. STAGGERS.

H.R. 916: Mr. SANDERS and Mr. SARPALIUS.

H.R. 1181: Mr. MCCLOSKEY and Mr. SOLARZ.

H.R. 1306: Mr. MCMILLEN of Maryland.

H.R. 1430: Ms. OAKAR.

H.R. 1527: Mr. LEHMAN of Florida.

H.R. 1559: Mr. DOWNEY.

H.R. 1703: Mr. KOSTMAYER.

H.R. 1771: Mr. BILBRAY, Mr. HANCOCK, and Mr. RINALDO.

H.R. 2056: Mr. PICKETT, Mr. ANDREWS of Maine, Mr. TRAXLER, Mr. FOGLIETTA, and Mr. BILBRAY.

H.R. 2106: Mr. FROST, Mr. LEHMAN of Florida, Mrs. LOWEY of New York, and Mr. MCDERMOTT.

H.R. 2333: Mr. NAGLE.

H.R. 2390: Mr. WALSH.

H.R. 2448: Mr. DICKINSON, Mr. STAGGERS, and Mr. ROEMER.

H.R. 2695: Mr. CRAMER, Mr. BENNETT, Mr. YOUNG of Alaska, and Mr. BILIRAKIS.

H.R. 2772: Mr. OWENS of New York, Mr. RAHALL, Mr. RITTER, Mr. MATSUI, Mr. PENNY, Mr. KOPETSKI, Mr. EVANS, Mr. BACCHUS, and Mrs. VUCANOVICH.

H.R. 2880: Mr. MCHUGH, Mr. TRAXLER, and Mr. GILMAN.

H.R. 2910: Mr. KOSTMAYER.

H.R. 3030: Mr. PETERSON of Florida, Mr. PETERSON of Minnesota, and Mr. HOBSON.

H.R. 3035: Mr. ZELIFF, Mr. ANDREWS of Maine, and Mr. RHODES.

H.R. 3067: Mr. BUSTAMANTE.

H.R. 3253: Ms. WATERS and Mr. CONYERS.

H.R. 3281: Mr. GAYDOS.

H.R. 3380: Mr. COLEMAN of Texas, Mr. TRAFICANT, Mr. KLUG, and Mr. LIGHTFOOT.

H.R. 3439: Mr. COX of California.

H.R. 3441: Mr. JAMES.

H.R. 3501: Mr. SLATTERY.

H.R. 3549: Mr. MARLENEE, Mr. JOHNSON of South Dakota, Mr. MORRISON, Mr. KOLTER, Mr. JONTZ, Mr. JEFFERSON, Mr. DORGAN of North Dakota, and Mr. LAROCCO.

H.R. 3552: Mr. DEFAZIO.

H.R. 3561: Mr. BEREUTER, Mr. LAGOMARSINO, Mr. GILLMOR, Mr. BAKER, Mr. COX of California, and Mr. HUNTER.

H.R. 3578: Mr. GALLO.

H.R. 3654: Mr. APPLEGATE, Mr. BALLENGER, Mr. BLILEY, Mr. BOEHNER, Mr. CHANDLER, Mr. COBLE, Mr. COX of California, Mr. DAVIS, Mr. EDWARDS of Oklahoma, Mr. FAWELL, Mr. FRANKS of Connecticut, Mr. GALLO, Mr. GILCHREST, Mr. GILLMOR, Mr. HASTERT, Mr. HERGER, Mr. HOAGLAND, Mr. HOPKINS, Mr. KASICH, Mr. LIGHTFOOT, Mr. MCEWEN, Mrs. MEYERS of Kansas, Mr. MOORHEAD, Mr. MYERS of Indiana, Mr. RAMSTAD, Mr. RIDGE, Mr. RIGGS, Mr. SCHIFF, Mr. SPENCE, Mr. STEARNS, Mr. THOMAS of California, Mr. WEBER, and Mr. JAMES.

H.R. 3730: Mr. SMITH of Florida.

H.R. 3782: Mr. RUSSO, Mr. RIGGS, Mrs. SCHROEDER, Mr. GILMAN, Mr. KILDEE, Mr. ROE, Mr. REED, and Ms. KAPTUR.

H.R. 3801: Mr. PARKER, Mr. RIGGS, Mr. SUNDQUIST, and Mr. PACKARD.

H.R. 3803: Mr. PENNY, Mr. TOWNS, Mr. SYNAR, and Mr. CAMPBELL of California.

H.R. 3808: Mr. HAYES of Louisiana and Mr. STAGGERS.

H.R. 3828: Mr. SIKORSKI.

H.R. 3857: Mr. DANNEMEYER.

H.R. 3861: Mr. PORTER and Mr. BLAZ.

H.R. 3939: Mr. BUSTAMANTE, Mr. JONTZ, Mr. GIBBONS, Mr. PAYNE of New Jersey, Mr. MCDERMOTT, and Mr. ANDREWS of New Jersey.

H.R. 3952: Mr. BARTON of Texas.

H.R. 3967: Mr. ALLEN and Mr. EMERSON.

H.R. 3981: Mr. VANDER JAGT and Mr. HOAGLAND.

H.R. 4073: Mr. COYNE, Mr. GAYDOS, and Mr. SCHUMER.

H.R. 4100: Mr. CHAPMAN, Mr. FROST, Mr. FOGLIETTA, Mr. TALLON, Mr. SIKORSKI, and Mr. CLAY.

H.R. 4130: Mr. TAYLOR of North Carolina.

H.R. 4159: Mrs. MORELLA, Mr. TOWNS, Ms. NORTON, and Mr. JEFFERSON.

H.R. 4175: Mr. DINGELL, Mrs. BOXER, Mr. BROOKS, Mr. TORRES, Mr. FALEOMAVAEGA, Mr. HALL of Ohio, Mr. CLAY, Mr. GIBBONS, Mr. STARK, Mr. GAYDOS, Mr. LANTOS, Mr. KOPETSKI, and Mr. NEAL of Massachusetts.

H.R. 4202: Mr. ZIMMER.
H.R. 4212: Mr. COOPER.
H.R. 4229: Mr. TOWNS and Mr. SANTORUM.
H.R. 4230: Mr. GUARINI and Mr. HOLLOWAY.
H.R. 4244: Mr. SPENCE.
H.R. 4250: Mr. RICHARDSON.
H.R. 4259: Mr. LIVINGSTON, Mr. HOAGLAND, Mr. BEREUTER, Mr. MFUME, Mr. NUSSLE, Mr. SARPALIUS, Mr. BAKER, Mr. SIKORSKI, Mr. VENTO, Mr. MCMILLEN of Maryland, Mr. DEFAZIO, Mr. TOWNS, Mr. LEACH, Ms. PELOSI, and Mr. LIGHTFOOT.
H.R. 4277: Mr. KOPETSKI, Mr. MILLER of California, Mr. ANDREWS of New Jersey, and Mr. GAYDOS.
H.R. 4279: Mr. HERGER, Mr. CAMP, Mr. EWING, Mr. PETERSON of Minnesota, Ms. LONG, Mr. CONDIT, and Mr. DORGAN of North Dakota.
H.R. 4293: Mr. COLEMAN of Texas, Mr. HORTON, Mr. TOWNS, and Mr. STENHOLM.
H.J. Res. 272: Mr. RIGGS, Mr. HOBSON, Mr. GORDON, Mr. TAYLOR of Mississippi, Mr. WHITTEN, Mr. QUILLEN, Mr. COLEMAN of Texas, Mr. LEHMAN of Florida, Mr. IRELAND, Ms. DELAURO, Mr. MILLER of Ohio, Ms. HORN, Mr. INHOFE, Mr. RAHALL, Mr. ASPIN, Mr. KOPETSKI, Mr. HALL of Ohio, Mr. MARLENEE, Mr. COBLE, Mr. MATSUI, Mr. KLUG, Mr. ALEXANDER, Mrs. MEYERS of Kansas, Mr. MCCRERY, Mr. HAMMERSCHMIDT, Mr. ROSE, Ms. SNOWE, Mr. PORTER, Mr. HOPKINS, Mr. SIKORSKI, Mr. SANDERS, Mr. NAGLE, Mr. KENNEDY, Mr. MONTGOMERY, Mr. BAKER, Mr. TALLON, Mr. PETERSON of Minnesota, Mr. HUCKABY, and Mr. SPENCE.
H.J. Res. 390: Mr. CARPER, Mr. GALLO, Mr. HYDE, Mr. SOLARZ, Mr. MFUME, Mr. LAGOMARSINO, Mr. PANETTA, Mr. KOPETSKI, Mr. CLAY, Mr. MOODY, Mr. MARTINEZ, Mr. GORDON, Mr. DICKS, Mr. CONDIT, Mr. RAMSTAD, Mr. BORSKI, Mr. KLUG, Mr. MATSUI, Mr. VENTO, Mr. PRICE, Mr. BERMAN, Mr. SOLOMON, Mr. DEFAZIO, Mr. SABO, Mr. LIPINSKI, Mr. WELDON, Mr. RAHALL, Mr. DYMALLY, Mr. COLEMAN of Texas, and Mr. WYDEN.
H.J. Res. 397: Mr. GUARINI, Mr. SOLARZ, Mr. HOCHBRUECKNER, Mr. PAXON, and Mr. SKEEN.
H.J. Res. 410: Mr. GORDON, Mr. SCHUMER, Mr. COLEMAN of Texas, Mr. MCMILLEN of Maryland, Mr. VENTO, Mr. WYDEN, Mr. TRAXLER, Mr. BUSTAMANTE, Mr. SABO, Mr. KOLTER, Mr. NEAL of Massachusetts, Mr. SOLARZ, Mr. MOODY, Mr. JOHNSON of South Dakota, Mr. GUARINI, Mr. KLECZKA, Mr. DONNELLY, Mr. MCHUGH, Mr. JENKINS, Mr. LEACH, Mr. JONES of North Carolina, Mr. SANDERS, Mr. MAVROULES, Mr. AUCOIN, Mr. MAZZOLI, Mr. PERKINS, Mr. HOCHBRUECKNER, Mr. PASTOR, Mr. SKEEN, Mr. OLVER, Mr. WOLPE, Mr. LANTOS, Mr. CARPER, Mr. SWETT, Mr. EARLY, Mr. LAFALCE, Mr. SCHEUER, Mr. MURPHY, Mr. PELOSI, Mr. KILDEE, Mr. TOWNS, Mr. FOGLIETTA, Mr. DELLUS, Ms. MOLINARI, Mr. OWENS of New York, Mr. WALSH, Mr. SARPALIUS, Mrs. LOWEY of New York, Mr. SCHIFF, Mr. ROYBAL, Mr. REED, Mr. ANNUNZIO, Mr. HAYES of Illinois, Mr. LEVINE of California, Mrs. BOXER, Ms. DELAURO, Ms. NORTON, Mr. LEVIN of Michigan, Mr. KENNEDY, Mr. BERMAN, Mr. ASPIN, Ms. MORELLA, Ms. COLLINS of Illinois, Mr. ANDREWS of New Jersey, Mr. DAVIS, Mr. LONG, Mr. BILIRAKIS, Mr. PETERSON of Florida, Mr. BENNETT, Mr. NAGLE, Mr. RIGGS, Mr. DORNAN of California, Mr. WEISS, Mr. PALLONE, Mr. BATEMAN, Mr. SHAYS, Mr. LIVINGSTON, Mr. MARTIN, Mr. ESPY, Mr. VANDER JAGT, Mr. MRAZEK, Mr. BLAZ, Mr. WEBER, Mr. SMITH of Florida, Mr. EMERSON, Mr. BLILEY, Mr. RHODES, Mr. BORSKI, Mr. BROOMFIELD, Mr. KOSTMAYER, Mr. CLEMENT, Mr. GRANDY, Mr. ERDREICH, Mr. ARCHER, Mrs. PATTERSON, Mrs. MEYERS of Kansas, Mr. ROGERS, Mr. LEHMAN of Florida, Mr. JEFFERSON, Mr. MCNULTY, Mr. WOLF, Mr. FASCELL, Mr. MICHEL, Mr. WHITTEN, Mr. CARR, Mr. HAMMERSCHMIDT, Mr. HORTON, Mr. BUNNING, Mr. HUBBARD, Mr. MORAN, Mr. MANTON, Mr. EWING, Mr. FIELDS, Mr. FISH, Mr. PAXON, Mr. LANCASTER, Mr. ZELIFF, Mr. ATKINS, Mr. LOWERY of California, Mr. INHOFE, Mr. RUSSO, Mr. KLUG, Mr. LENT, Mrs. JOHNSON of Connecticut, and Mr. FRANKS of Connecticut.
H.J. Res. 411: Mr. DEFAZIO, Mr. WHITTEN, Mr. MCNULTY, Mr. MCCLOSKEY, Mr. CLEMENT, Mr. SAXTON, and Mr. GUARINI.
H.J. Res. 417: Mr. CONYERS.
H. Con. Res. 180: Mr. BRYANT, Mr. TORRICELLI, and Mr. CLAY.
H. Con. Res. 203: Mr. DOWNEY, Mr. DELLUMS, Mr. MCNULTY, Ms. PELOSI, Mr. LEVIN of Michigan, Mr. RINALDO, Mr. VANDER JAGT, Mr. GALLO, and Mrs. MORELLA.
H. Con. Res. 220: Mrs. UNSOELD, Mrs. SCHROEDER, Mr. MCNULTY, Mr. JEFFERSON, Mr. LAFALCE, Mr. BLACKWELL, Mr. FRANKS of Connecticut, Mr. FALEOMAVAEGA, Mr. LANTOS, Mr. FROST, and Mr. SOLARZ.
H. Con. Res. 224: Mr. SIKORSKI.
H. Con. Res. 233: Mr. STAGGERS, Mr. SMITH of Oregon, Mr. OBERSTAR, Mr. JAMES, Mr. OWENS of Utah, Mrs. LLOYD, Mr. KOSTMAYER, Mr. PARKER, Mr. COBLE, Ms. MOLINARI, Mr. TRAFICANT, Mr. PORTER, and Mr. BLILEY.
H. Con. Res. 246: Mr. ECKART, Mr. HAYES of Illinois, Mr. JOHNSON of South Dakota, Mr. LIPINSKI, Mr. TRAXLER, and Mrs. UNSOELD.
H. Con. Res. 257: Mr. ATKINS, Mr. BARNARD, Mr. CLAY, Mr. DEFAZIO, Mr. GILMAN, Mr. NAGLE, and Mr. OBERSTAR.
H. Con. Res. 263: Mrs. BOXER.
H. Res. 130: Mr. SCHEUER, Mr. TOWNS, Mr. TRAXLER, Mr. BERMAN, Mr. DEFAZIO, Mr. KILDEE, Mr. COLEMAN of Texas, and Mr. SMITH of Florida.
H. Res. 215: Mr. ATKINS.
H. Res. 233: Mr. GREEN of New York, Mrs. PATTERSON, Mr. ZIMMER, and Mrs. LLOYD.
H. Res. 322: Mr. WOLF, Mr. LANTOS, Mr. HOCHBRUECKNER, and Mr. KOPETSKI.
H. Res. 325: Mrs. SCHROEDER, Mr. MCNULTY, Mr. KOSTMAYER, Mr. MARLENEE, Mr. SANDERS, Mr. CONDIT, Mr. ROYBAL, and Mr. MCMILLEN of Maryland.
H. Res. 332: Ms. MOLINARI, Mr. NUSSLE, Mr. CUNNINGHAM, and Mr. SMITH of Texas.

¶18.20 DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 3380: Mr. COLEMAN of Missouri.
H. Res. 194: Mr. PETERSON of Minnesota and Mrs. VUCANOVICH.

THURSDAY, FEBRUARY 27, 1992 (19)

The House was called to order by the SPEAKER.

¶19.1 APPROVAL OF THE JOURNAL

The SPEAKER announced he had examined and approved the Journal of the proceedings of Wednesday, February 26, 1992.

Mr. ECKART, pursuant to clause 1, rule I, objected to the Chair's approval of the Journal.

The question being put, viva voce,

Will the House agree to the Chair's approval of said Journal?

The SPEAKER announced that the yeas had it.

Mr. ECKART objected to the vote on the ground that a quorum was not present and not voting.

A quorum not being present,

The roll was called under clause 4, rule XV, and the call was taken by electronic device.

When there appeared ....
Yeas 285
Nays 115
Answered present 1

¶19.2 [Roll No. 26]

YEAS—285

Abercrombie
Ackerman
Anderson
Andrews (ME)
Andrews (NJ)
Andrews (TX)
Annunzio
Anthony
Applegate
Archer
Aspin
Atkins
AuCoin
Bacchus
Barnard
Bateman
Beilenson
Bennett
Bevill
Bilbray
Blackwell
Bonior
Borski
Boucher
Boxer
Brewster
Brooks
Browder
Brown
Bruce
Bryant
Bustamante
Byron
Campbell (CO)
Cardin
Carper
Clement
Clinger
Coleman (TX)
Collins (IL)
Combest
Condit
Conyers
Cooper
Costello
Cox (IL)
Coyne
Cramer
Darden
Davis
DeFazio
DeLauro
Dellums
Derrick
Dicks
Donnelly
Dooley
Dorgan (ND)
Downey
Durbin
Dwyer
Dymally
Early
Eckart
Edwards (CA)
Edwards (TX)
Engel
English
Erdreich
Espy
Evans
Ewing
Fascell
Fazio
Feighan
Fish
Flake
Foglietta
Ford (MI)
Ford (TN)
Frank (MA)
Frost
Gejdenson
Gephardt
Geren
Gibbons
Gillmor
Gilman
Glickman
Gonzalez
Gordon
Gradison
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Harris
Hatcher
Hayes (IL)
Hayes (LA)
Hefner
Hertel
Hoagland
Hochbrueckner
Horn
Horton
Houghton
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Hyde
Jefferson
Jenkins
Johnson (CT)
Johnson (SD)
Johnson (TX)
Johnston
Jones (GA)
Jones (NC)
Jontz
Kanjorski
Kaptur
Kasich
Kennedy
Kennelly
Kildee
Kleczka
Klug
Kopetski
Kostmayer
LaFalce
Lancaster
Lantos
LaRocco
Laughlin
Lehman (CA)
Lehman (FL)
Lent
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Livingston
Lloyd
Long
Lowey (NY)
Luken
Manton
Markey
Martin
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDermott
McGrath
McHugh
McMillen (MD)
McNulty
Miller (CA)
Mineta
Mink
Mollohan
Montgomery
Moody
Moran
Morrison
Mrazek
Myers
Nagle
Natcher
Neal (MA)
Neal (NC)
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Olver
Ortiz
Orton
Owens (NY)
Owens (UT)
Oxley
Packard
Pallone
Panetta
Parker
Pastor
Patterson
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Perkins
Peterson (FL)
Peterson (MN)
Pickett
Pickle
Porter
Poshard
Price
Quillen
Rahall
Ravenel
Reed
Richardson
Rinaldo
Ritter
Roe
Roemer
Rose
Rostenkowski
Rowland
Roybal
Russo
Sabo
Sangmeister
Sarpalius
Sawyer
Schiff
Schulze
Schumer
Serrano
Sharp
Shaw
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NJ)
Solarz
Spence
Spratt
Staggers
Stallings
Stark
Stenholm
Stokes
Studds
Swett
Swift
Synar
Tallon
Tanner
Tauzin
Taylor (MS)
Thomas (WY)
Thornton
Torricelli
Traficant
Traxler
Unsoeld
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Walsh
Washington
Waxman
Weiss
Wheat
Williams
Wilson
Wise
Wolpe
Wyden
Wylie
Yates
Yatron