

103D CONGRESS  
1ST SESSION

# H. R. 406

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

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. STARK (for himself, Mr. DELLUMS, Mr. MINETA, Mrs. MINK, Mr. ACKERMAN, Mr. EVANS, and Mr. MANTON) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

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

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. MODIFICATION OF INVOLUNTARY CONVERSION**  
4 **RULES FOR CERTAIN DISASTER-RELATED**  
5 **CONVERSIONS.**

6 (a) IN GENERAL.—Section 1033 of the Internal Rev-  
7 enue Code of 1986 (relating to involuntary conversions)  
8 is amended by redesignating subsection (h) as subsection

1 (i) and by inserting after subsection (g) the following new  
2 subsection:

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

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

10 “(A) TREATMENT OF INSURANCE PRO-  
11 CEEDS.—

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

19 “(ii) OTHER PROCEEDS TREATED AS  
20 COMMON FUND.—In the case of any insur-  
21 ance proceeds (not described in clause (i))  
22 for such residence or contents—

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

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

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

12                  “(2) PRESIDENTIALLY DECLARED DISASTER.—  
13                  For purposes of this subsection, the term ‘Presi-  
14                  dentially declared disaster’ means any disaster  
15                  which, with respect to the area in which the resi-  
16                  dence is located, resulted in a subsequent determina-  
17                  tion by the President that such area warrants assist-  
18                  ance by the Federal Government under the Disaster  
19                  Relief and Emergency Assistance Act.

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

1       (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall apply to property compulsorily or in-  
3 voluntarily converted as a result of disasters for which the  
4 determination referred to in section 1033(h)(2) of the In-  
5 ternal Revenue Code of 1986 (as added by this section)  
6 is made on or after September 1, 1991, and to taxable  
7 years ending on or after such date.

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