

108TH CONGRESS  
1ST SESSION

# H. R. 2503

To amend the Internal Revenue Code of 1986 to provide that tax attributes shall not be reduced in connection with a discharge of indebtedness in a title 11 case of a company having asbestos-related claims against it.

---

## IN THE HOUSE OF REPRESENTATIVES

JUNE 18, 2003

Mr. COLLINS (for himself, Mr. LEWIS of Georgia, Ms. JACKSON-LEE of Texas, Mr. ROGERS of Kentucky, Ms. LEE, Mr. CONYERS, Mr. ENGLISH, and Mr. FOLEY) introduced the following bill; which was referred to the Committee on Ways and Means

---

## A BILL

To amend the Internal Revenue Code of 1986 to provide that tax attributes shall not be reduced in connection with a discharge of indebtedness in a title 11 case of a company having asbestos-related claims against it.

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. SHORT TITLE.**

4 This Act may be cited as the “Asbestos Claims Tax  
5 Fairness Act of 2003”.

1 **SEC. 2. PRESERVATION OF TAX ATTRIBUTES IN ASBESTOS**

2 **TITLE 11 CASES.**

3 (a) NO ATTRIBUTE REDUCTION IN ASBESTOS TITLE  
4 11 CASES.—Subsection (b) of section 108 of the Internal  
5 Revenue Code of 1986 is amended by adding at the end  
6 the following new paragraph:

7 “(6) NO ATTRIBUTE REDUCTION IN ASBESTOS  
8 TITLE 11 CASES.—

9 “(A) IN GENERAL.—Paragraph (1) shall  
10 not apply to any amount excluded from gross  
11 income under subparagraph (A) of subsection  
12 (a)(1) in an asbestos title 11 case.

13 “(B) ASBESTOS TITLE 11 CASE.—For pur-  
14 poses of this paragraph, the term ‘asbestos title  
15 11 case’ means any case under title 11, United  
16 States Code, in which more than 50 percent of  
17 the value of the claims made against the com-  
18 pany relate to liability arising from the manu-  
19 facture, production, distribution, or use of as-  
20 bestos.”

21 (b) EXCEPTION TO 2ND OWNERSHIP CHANGE RULE  
22 FOR ASBESTOS TITLE 11 CASES.—Section 382(l)(5)(D)  
23 is amended by adding at the end the following sentence:  
24 “The preceding sentence shall not apply to a 2nd owner-  
25 ship change if the 1st ownership change was in an asbes-

1 tos title 11 case (within the meaning of section  
2 108(b)(6)(B)).”

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to discharges of indebtedness and  
5 2nd ownership changes occurring after December 31,  
6 2002.

7 **SEC. 2. EXEMPTION FOR ASBESTOS-RELATED SETTLEMENT**  
8 **FUNDS.**

9 (a) EXEMPTION FOR ASBESTOS-RELATED SETTLE-  
10 MENT FUNDS.—Subsection (b) of section 468B of the In-  
11 ternal Revenue Code of 1986 is amended by adding at the  
12 end the following new paragraph:

13 “(6) EXEMPTION FROM TAX FOR ASBESTOS-RE-  
14 LATED SETTLEMENT FUNDS.—Notwithstanding  
15 paragraph (1), no tax shall be imposed under this  
16 section or any other provision of this subtitle on any  
17 settlement fund to which this section or the regula-  
18 tions thereunder applies that is established for the  
19 principal purpose of resolving and satisfying present  
20 and future claims relating to asbestos. The pre-  
21 ceding sentence shall not apply to gains from the  
22 sale of stock in any corporation against which such  
23 claims originally applied other than gains from a  
24 sale of substantially all of the fund’s holdings in  
25 such corporation occurring within five years after

1 the later of December 31, 2002, or the date the set-  
2 tlement fund first received stock in the corporation.”

3 (b) CONFORMING AMENDMENTS.—

4 (1) Paragraph (1) of section 468B(b) of such  
5 Code is amended by striking “There” and inserting  
6 “Except as provided in paragraph (6), there”.

7 (2) Subsection (g) of section 468B of such Code  
8 is amended by inserting “(other than subsection  
9 (b)(6))” after “Nothing in any provision of law”.

10 (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years ending after De-  
12 cember 31, 2002.

○