

of whether the underlying liability is assumed by the controlled corporation. Treas. Reg. sec. 1.357-2(a). Similar rules apply to reorganizations described in section 368(a)(1)(D).

The gain recognition rule of section 357(c) is applied separately to each transferor in a section 351 exchange.

The basis of the property in the hands of the controlled corporation equals the transferor's basis in such property, increased by the amount of gain recognized by the transferor, including section 357(c) gain.

REASONS FOR CHANGE

The tax treatment under present law is unclear in situations involving the transfer of certain liabilities. As a result, the Committee is concerned that some taxpayers may be structuring transactions to take advantage of the uncertainty. For example, where more than one asset secures a single liability, some taxpayers might take the position that, on a transfer of the assets to different subsidiaries, each subsidiary counts the entire liability in determining the basis of the asset. This interpretation arguably might result in the duplication of tax basis or in assets having a tax basis in excess of their value, resulting in excessive depreciation deductions and mismeasurement of income. The provision is intended to eliminate the uncertainty, and to better reflect the underlying economics of these corporate transfers.

EXPLANATION OF PROVISION

Under the provision, the distinction between the assumption of a liability and the acquisition of an asset subject to a liability generally is eliminated. First, except as provided in Treasury regulations, a recourse liability (or any portion thereof) is treated as having been assumed if, as determined on the basis of all facts and circumstances, the transferee has agreed to, and is expected to satisfy the liability or portion thereof (whether or not the transferor has been relieved of the liability). Thus, where more than one person agrees to satisfy a liability or portion thereof, only one would be expected to satisfy such liability or portion thereof. Second, except as provided in Treasury regulations, a nonrecourse liability (or any portion thereof) is treated as having been assumed by the transferee of any asset that is subject to the liability. However, this amount is reduced in cases where an owner of other assets subject to the same nonrecourse liability agrees with the transferee to, and is expected to, satisfy the liability (up to the fair market value of the other assets, determined without regard to section 7701(g)).

In determining whether any person has agreed to and is expected to satisfy a liability, all facts and circumstances are to be considered. In any case where the transferee does agree to satisfy a liability, the transferee also will be expected to satisfy the liability in the absence of facts indicating the contrary.

In determining any increase to the basis of property transferred to the transferee as a result of gain recognized because of the assumption of liabilities under section 357, in no event will the increase cause the basis to exceed the fair market value of the property (determined without regard to sec. 7701(g)).

If gain is recognized to the transferor as the result of an assumption by a corporation of a nonrecourse liability that also is secured by any assets not transferred to the corporation, and if no person is subject to Federal income tax on such gain, then for purposes of

determining the basis of assets transferred, the amount of gain treated as recognized as the result of such assumption of liability shall be determined as if the liability assumed by the transferee equaled such transferee's ratable portion of the liability, based on the relative fair market values (determined without regard to sec. 7701(g)) of all assets subject to such nonrecourse liability. In no event will the gain cause the resulting basis to exceed the fair market value of the property (determined without regard to sec. 7701(g)).

The Treasury Department has authority to prescribe such regulations as may be necessary to carry out the purposes of the provision. This authority includes the authority to specify adjustments in the treatment of any subsequent transactions involving the liability, including the treatment of payments actually made with respect to any liability as well as appropriate basis and other adjustments with respect to such payments. Where appropriate, the Treasury Department also may prescribe regulations which provide that the manner in which a liability is treated as assumed under the provision is applied elsewhere in the Code.

EFFECTIVE DATE

The provision is effective for transfers on or after October 19, 1998. No inference regarding the tax treatment under present law is intended.

Mr. McNULTY. Mr. Speaker, I urge support of the bill, I have no further requests for time, and I yield back the balance of my time.

Mr. CRANE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. CRANE) that the House suspend the rules and pass the bill, H.R. 435.

The question was taken.

Mr. McNULTY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

RECESS

The SPEAKER pro tempore (Mr. SHIMKUS). Pursuant to clause 12 of rule I, the Chair declares the House in recess until approximately 5 p.m.

Accordingly (at 3 o'clock and 20 minutes p.m.), the House stood in recess until approximately 5 p.m.

□ 1715

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. PEASE) at 5 o'clock and 15 minutes p.m.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair

will now put the question on each motion to suspend the rules on which further proceedings were postponed earlier today in the order in which that motion was entertained.

Votes will be taken in the following order:

H.R. 440, by the yeas and nays;

H.R. 439, by the yeas and nays;

H.R. 435, by the yeas and nays.

The Chair will reduce to 5 minutes the time for any electronic vote after the first such vote in this series.

MICROLOAN PROGRAM TECHNICAL CORRECTIONS ACT OF 1999

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 440, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri (Mr. TALENT) that the House suspend the rules and pass the bill, H.R. 440, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 411, nays 4, not voting 18, as follows:

[Roll No. 12]

YEAS—411

Abercrombie	Callahan	Doolittle
Aderholt	Calvert	Doyle
Allen	Camp	Dreier
Andrews	Campbell	Duncan
Archer	Canady	Dunn
Armey	Cannon	Edwards
Bachus	Capps	Ehlers
Baird	Capuano	Ehrlich
Baker	Cardin	Emerson
Baldacci	Castle	Engel
Baldwin	Chabot	English
Ballenger	Chambliss	Eshoo
Barcia	Clay	Etheridge
Barr	Clayton	Evans
Barrett (NE)	Clement	Everett
Bartlett	Clyburn	Ewing
Barton	Coble	Farr
Bass	Coburn	Fattah
Bateman	Collins	Filner
Becerra	Combest	Fletcher
Bentsen	Condit	Foley
Bereuter	Conyers	Forbes
Berkley	Cook	Ford
Berman	Cooksey	Fossella
Berry	Costello	Fowler
Biggert	Cox	Frank (MA)
Bilbray	Coyne	Franks (NJ)
Bilirakis	Cramer	Frelinghuysen
Bishop	Crane	Frost
Blagojevich	Crowley	Galleghy
Bliley	Cubin	Ganske
Blumenauer	Cummings	Gejdenson
Blunt	Cunningham	Gekas
Boehlert	Danner	Gibbons
Boehner	Davis (FL)	Gilchrist
Bonilla	Davis (IL)	Gillmor
Bonior	Davis (VA)	Gilman
Bono	Deal	Gonzalez
Borski	DeGette	Goode
Boswell	Delahunt	Goodlatte
Boucher	DeLauro	Goodling
Boyd	DeLay	Gordon
Brady (PA)	DeMint	Goss
Brady (TX)	Deutsch	Graham
Brown (CA)	Diaz-Balart	Green (TX)
Brown (FL)	Dickey	Green (WI)
Brown (OH)	Dicks	Greenwood
Bryant	Dingell	Gutierrez
Burr	Dixon	Gutknecht
Burton	Doggett	Hall (OH)
Buyer	Dooley	Hall (TX)

Hansen  
Hastings (FL)  
Hastings (WA)  
Hayes  
Hayworth  
Hefley  
Herger  
Hill (IN)  
Hill (MT)  
Hilleary  
Hilliard  
Hinchey  
Hinojosa  
Hobson  
Hoeffel  
Hoekstra  
Holden  
Holt  
Hooley  
Horn  
Hostettler  
Houghton  
Hoyer  
Hulshof  
Hunter  
Hutchinson  
Hyde  
Insole  
Istook  
Jackson (IL)  
Jackson-Lee  
(TX)  
Jefferson  
John  
Johnson (CT)  
Johnson, E. B.  
Johnson, Sam  
Jones (NC)  
Jones (OH)  
Kanjorski  
Kaptur  
Kasich  
Kelly  
Kennedy  
Kildee  
Kilpatrick  
Kind (WI)  
King (NY)  
Klingston  
Klecza  
Klink  
Knollenberg  
Kolbe  
Kucinich  
Kuykendall  
LaFalce  
LaHood  
Lampson  
Lantos  
Largent  
Larson  
Latham  
LaTourette  
Lazio  
Leach  
Lee  
Levin  
Lewis (CA)  
Lewis (GA)  
Lewis (KY)  
Linder  
Lipinski  
Livingston  
LoBiondo  
Lowey  
Lucas (KY)  
Lucas (OK)  
Luther  
Maloney (CT)  
Manzullo  
Markey  
Martinez  
Mascara  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McCollum  
McCrery  
McDermott  
McGovern  
McHugh  
McInnis  
McIntyre  
McKeon  
McKinney  
McNulty  
Meehan  
Meek (FL)  
Meeks (NY)  
Menendez  
Metcalf  
Mica  
Millender-  
McDonald  
Miller (FL)  
Miller, Gary  
Minge  
Mink  
Moakley  
Mollohan  
Moore  
Moran (KS)  
Moran (NJ)  
Moran (VA)  
Morella  
Murtha  
Myrick  
Napolitano  
Neal  
Nethercutt  
Ney  
Northup  
Norwood  
Nussle  
Oberstar  
Obey  
Oliver  
Ortiz  
Ose  
Owens  
Oxley  
Packard  
Pascrell  
Pastor  
Payne  
Pease  
Pelosi  
Peterson (MN)  
Peterson (PA)  
Petri  
Phelps  
Pickering  
Pickett  
Pitts  
Pombo  
Pomeroy  
Porter  
Portman  
Price (NC)  
Price (OH)  
Quinn  
Radanovich  
Rahall  
Rangel  
Reyes  
Rivers  
Rodriguez  
Ros-Lehtinen  
Rothman  
Roukema  
Roybal-Allard  
Royce  
Sabo  
Salmon  
Sanchez  
Sanders

## NAYS—4

Chenoweth  
Paul

## NOT VOTING—18

Ackerman  
Barrett (WI)  
Carson  
DeFazio  
Gephardt  
Granger

Jenkins  
Lofgren  
Maloney (NY)  
McIntosh  
Miller, George  
Nadler  
Pallone  
Rush  
Spratt  
Thornberry  
Weygand  
Wise

□ 1736

Mr. SANFORD changed his vote from "yea" to "nay."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER  
PRO TEMPORE

The SPEAKER pro tempore (Mr. PEASE). Pursuant to the provisions of clause 8 of rule XX, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on each additional motion to suspend the rules on which the Chair has postponed further proceedings.

PAPERWORK ELIMINATION ACT OF  
1999

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 439.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Mrs. KELLY) that the House suspend the rules and pass the bill, H.R. 439, on which the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 413, nays 0, not voting 20, as follows:

[Roll No. 13]  
YEAS—413

Abercrombie  
Aderholt  
Allen  
Andrews  
Archer  
Armey  
Bachus  
Baird  
Baker  
Baldacci  
Baldwin  
Ballenger  
Barcia  
Barr  
Barrett (NE)  
Bartlett  
Barton  
Bass  
Bateman  
Becerra  
Bentsen  
Bereuter  
Berkley  
Berman  
Berry  
Biggert  
Bilbray  
Bilirakis  
Bishop  
Blagojevich  
Bliley  
Blumenauer  
Blunt  
Boehler  
Boehner  
Bonilla  
Bonior  
Bono  
Borski  
Boswell  
Boucher  
Boyd  
Brady (PA)  
Brady (TX)  
Brown (CA)  
Brown (FL)  
Brown (OH)  
Bryant  
Burr  
Burton  
Buyer  
Callahan  
Calvert  
Camp  
Campbell  
Canady  
Cannon  
Capps  
Capuano  
Cardin  
Castle  
Chabot  
Chambliss  
Chenoweth  
Clay  
Clayton  
Clement  
Clyburn  
Coble  
Coburn  
Collins  
Combest  
Condit  
Conyers  
Cook  
Cooksey  
Costello  
Cox  
Coyne  
Cramer  
Crane  
Crowley  
Cubin  
Cummings  
Cunningham  
Danner  
Davis (FL)  
Davis (IL)  
Davis (VA)  
Deal  
DeGette  
Delahunt  
DeLauro

DeLay  
DeMint  
Diaz-Balart  
Dickey  
Dicks  
Dingell  
Dixon  
Doggett  
Dooley  
Doolittle  
Doyle  
Dreier  
Duncan  
Dunn  
Edwards  
Ehlers  
Ehrlich  
Emerson  
Engel  
English  
Eshoo  
Etheridge  
Evans  
Everett  
Ewing  
Farr  
Fattah  
Filner  
Fletcher  
Foley  
Forbes  
Ford  
Fossella  
Fowler  
Frank (MA)  
Franks (NJ)  
Frelinghuysen  
Frost  
Gallegly  
Ganske  
Gejdenson  
Gekas  
Gibbons  
Gilchrest  
Gillmor  
Gilman  
Gonzalez  
Goode  
Goodlatte  
Goodling  
Gordon  
Goss  
Graham  
Green (TX)  
Green (WI)  
Greenwood  
Gutierrez  
Gutknecht  
Hall (OH)  
Hall (TX)  
Hansen  
Hastings (FL)  
Hastings (WA)  
Hayes  
Hayworth  
Hefley  
Herger  
Hill (IN)  
Hill (MT)  
Hilleary  
Hilliard  
Hinchey  
Hinojosa  
Hobson  
Hoeffel  
Hoekstra  
Holden  
Holt  
Hooley  
Horn  
Hostettler  
Houghton  
Hoyer  
Hulshof  
Hunter  
Hutchinson  
Hyde  
Insole  
Istook  
Jackson (IL)  
Jackson-Lee  
(TX)  
Jefferson  
Jenkins  
John  
Johnson (CT)  
Johnson, E. B.  
Johnson, Sam  
Jones (NC)  
Jones (OH)  
Kanjorski  
Kaptur  
Kasich  
Kelly  
Kennedy  
Kildee  
Kilpatrick  
Kind (WI)  
King (NY)  
Klingston  
Klecza  
Klink  
Knollenberg  
Kolbe  
Kucinich  
Kuykendall  
LaFalce  
LaHood  
Lampson  
Lantos  
Largent  
Larson  
Latham  
LaTourette  
Lazio  
Leach  
Lee  
Levin  
Lewis (CA)  
Lewis (GA)  
Lewis (KY)  
Linder  
Lipinski  
Livingston  
LoBiondo  
Lowey  
Lucas (KY)  
Lucas (OK)  
Luther  
Maloney (CT)  
Manzullo  
Markey  
Martinez  
Mascara  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McCollum  
McCrery  
McDermott  
McGovern  
McHugh  
McInnis  
McIntyre  
McKeon  
McKinney  
McNulty  
Meehan  
Meek (FL)  
Meeks (NY)  
Menendez  
Metcalf  
Mica  
Millender-  
McDonald  
Miller (FL)  
Miller, Gary  
Minge  
Mink  
Moakley  
Mollohan  
Moore  
Moran (KS)  
Moran (VA)  
Morella  
Murtha  
Myrick  
Napolitano  
Neal  
Nethercutt  
Ney  
Northup  
Norwood  
Oberstar  
Obey  
Ortiz  
Ose  
Owens  
Oxley  
Packard  
Pascrell  
Pastor  
Paul  
Payne  
Pease  
Pelosi  
Peterson (MN)  
Peterson (PA)  
Petri  
Phelps  
Pickering  
Pickett  
Pitts  
Pombo  
Pomeroy  
Porter  
Portman  
Price (NC)  
Price (OH)  
Quinn  
Radanovich  
Rahall  
Rangel  
Reyes  
Rivers  
Rodriguez  
Roemer  
Rogan  
Rogers  
Rohrabacher  
Ros-Lehtinen  
Rothman  
Roukema  
Roybal-Allard  
Royce  
Sabo  
Salmon  
Sanchez  
Sanders  
Schakowsky  
Schaffer  
Schakowsky  
Schell  
Sessions  
Shadegg  
Shaw  
Sherman  
Sherwood  
Shimkus  
Shows  
Shuster  
Simpson  
Sisisky  
Skeen  
Skelton  
Slaughter  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Snyder  
Souder  
Spence  
Stabenow  
Stark  
Stearns  
Stenholm  
Strickland  
Stump  
Stupak  
Sununu  
Sweeney  
Talent  
Tancredo  
Tanner  
Tauscher  
Tauzin  
Taylor (MS)  
Taylor (NC)  
Terry  
Thomas  
Thompson (CA)  
Thompson (MS)  
Thune  
Thurman  
Tiahrt  
Tierney  
Toomey  
Towns  
Traffant  
Turner  
Udall (CO)  
Udall (NM)  
Upton  
Velázquez  
Vento  
Visclosky  
Walden  
Walsh  
Wamp  
Waters  
Watkins  
Watt (NC)  
Watts (OK)  
Waxman  
Weiner  
Weldon (FL)  
Weldon (PA)  
Weller  
Wexler  
Whitfield  
Wicker  
Wilson  
Wolf  
Woolsey  
Wu  
Wynn  
Young (AK)  
Young (FL)