COMPARISON OF REVENUE-RELATED PROVISIONS OF H.R. 11 (REVENUE ACT OF 1992) AS PASSED BY THE HOUSE AND SENATE

Prepared by the Staff
of the
Joint Committee on Taxation
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INTRODUCTION

This document,[1] prepared by the staff of the Joint Committee on Taxation, provides a comparison of the revenue-related provisions of H.R. 11 (Revenue Act of 1992) as passed by the House on July 2, 1992, and as amended and passed by the Senate on September 29, 1992.

The first section of the document provides a list of the revenue provisions that are identical in the House bill and in the Senate amendment (including effective dates). The next section of the document provides a side-by-side comparison of the differing revenue-related provisions of the House bill and the Senate amendment, including tariff and trade provisions.

This document does not include the non-revenue provisions of H.R. 11: Health and Medicare provisions (Subtitle C of Title I of the Senate amendment); Social Security and Medicare technical corrections (Subtitle B of Title VII); human resources provisions (Subtitle C of Title I of the House bill and Title VII of the Senate amendment); authorization for additional assistance to distressed communities (Title VIII of the Senate amendment); and car theft prevention provisions (Title X of the Senate amendment).

A reference is included in the House bill column for comparable provisions in the Senate amendment that were passed by the House in a separate House bill but were not included in H.R. 11 as passed by the House.

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[1] This document may be cited as follows: Comparison of Revenue-Related Provisions of H.R. 11 (Revenue Act of 1992) as Passed by the House and Senate (JCS-16-92), October 1, 1992.

LIST OF IDENTICAL REVENUE PROVISIONS

The following is a list of the identical revenue provisions included in H.R. 11 as passed by the House and the Senate (including effective dates). These provisions are not reflected in the side-by-side comparison.

Extension of Expiring Provisions

o Excise tax on certain vaccines (sec. 2004 and sec. 2150 of the Senate amendment)

o Certain transfers to Railroad Retirement Account (sec. 2005 of the House bill and sec. 2151 of the Senate amendment)

Economic Growth Incentives

o Elimination of ACE depreciation adjustment (sec. 2202 of the House bill and sec. 2162 of the Senate amendment)

Revenue-Increase Provisions

o Tax on diesel fuel used in noncommercial boats (sec. 2302 of the House bill and sec. 2202 of the Senate amendment). (Note: Although this provision is identical it is also included in the comparison as part of the luxury tax repeal package.)

o Taxation of precontribution gain in case of certain distributions to contributing partner (sec. 3004 of the House bill and sec. 3013 of the Senate amendment)

o Extension of top estate and gift tax rates (sec. 3006 of the House bill and sec. 3101 of the Senate amendment)

o Alternative taxable years (secs. 3201-3204 of the House bill and Senate amendment)

Simplification Provisions

Individual provisions

o Simplification of rules on rollover of gain on sale of principal residence in case of divorce (sec. 4102 of the House bill and sec. 4101 of Senate amendment)

o Modifications to election to include child's income on parent's return (sec. 4105 of the House bill and sec. 4102 of the Senate amendment)

o Treatment of personal transactions by individuals under foreign currency rules (sec. 4107 of the House bill and sec. 4105 of the Senate amendment)

o Exclusion of combat pay from withholding limited to amount excludable from gross income (sec. 4108 of the House bill and sec. 4105 of the Senate amendment)

o Treatment of certain reimbursed expenses of rural mail carriers (sec. 4110 of the House bill and sec. 4107 of the Senate amendment)

o Exemption from luxury excise tax for certain equipment installed on passenger vehicles for use by disabled individuals (sec. 4111 of the House bill and sec. 4108 of the Senate amendment)

Pension provisions

o Repeal of 5-year income averaging for lump-sum distributions and $5,000 exclusion of employees' death benefits (sec. 4201 of the House bill and secs. 4201-4202 of the Senate amendment)

o Simplified method for taxing annuity distributions under certain employer plans (sec. 4202 of the House bill and sec. 4203 of the Senate amendment)

o Duties of sponsors of certain prototype plans (sec. 4212 of the House bill and sec. 4214 of the Senate amendment)

o Modifications of cost-of-living adjustments (sec. 4224 of the House bill and sec. 4233 of the Senate amendment)

o Treatment of governmental plans under section 415 (sec. 4231 of the House bill and sec. 4238 of the Senate amendment)

o Plans covering self-employed individuals (sec. 4225 of the House bill and sec. 4234 of the Senate amendment)

o Alternative full-funding limitation (sec. 4226 of the House bill and sec. 4235 of the Senate amendment)

o Special rules for plans covering pilots (sec. 4228 of the House bill and sec. 4245 of the Senate amendment)

o Use of excess assets of black lung benefit trusts for health care benefits (sec. 4232 of the House bill and sec. 4239 of the Senate amendment)

Partnerships

o Treatment of partnership items in deficiency proceedings (sec. 4311 of the House bill and the Senate amendment)

o Partnership return to be determinative of audit procedures to be followed (sec. 4312 of the House bill and the Senate amendment)

o Provisions relating to statute of limitations (sec. 4313 of the House bill and the Senate amendment)

o Expansion of small partnership exception (sec. 4314 of the House bill and the Senate amendment)

o Extension of time for filing a request for administrative adjustment (sec. 4316 of the House bill and the Senate amendment)

o Determination of penalties at partnership level (sec. 4318 of the House bill and the Senate amendment)

o Provisions relating to court jurisdiction, etc. (sec. 4319 of the House bill and the Senate amendment)

o Treatment of premature petitions filed by notice partners or 5-percent groups (sec. 4320 of the House bill and the Senate amendment)

o Bonds in case of appeals from TEFRA proceeding (sec. 4321 of the House bill and the Senate amendment)

o Suspension of interest where delay in computational adjustment resulting from TEFRA settlements (sec. 4322 of the House bill and the Senate amendment)

Foreign provisions

o Gain on certain stock sales by controlled foreign corporations treated as dividends (sec. 4411 of the House bill and Senate amendment)

o Authority to prescribe simplified method for applying section 960(b)(2) (sec. 4412 of the House bill and Senate amendment)

o Miscellaneous modifications to subpart F (sec. 4413 of the House bill and Senate amendment)

o Election to use simplified section 904 limitation for alternative minimum tax (sec. 4422 of the House bill and Senate amendment)

o Modification of section 1491 (sec. 4423 of the House bill and Senate amendment)

o Modification of section 367(b) (sec. 4424 of the House bill and Senate amendment)

Subchapter S provisions

o Subchapter S simplification provisions (secs. 4601-4604 of the House bill and secs. 4501-4504 of the Senate amendment)

Accounting provisions

o Modifications to look-back method for long-term contracts (sec. 4611 of the House bill and sec. 4511 of the Senate amendment)

o Simplified method for capitalizing certain indirect costs (sec. 4612 of the House bill and sec. 4512 of the Senate amendment)

Tax-exempt bond provisions

o Repeal of $100,000 limitation on unspent proceeds under 1-year exception from rebate (sec. 4631 of the House bill and sec. 4521 of the Senate amendment)

o Exception from rebate for earnings on bona fide debt service fund under construction bond rules (sec. 4632 of the House bill and sec. 4522 of the Senate amendment)

o Aggregation of issues rules not to apply to tax or revenue anticipation bonds (sec. 4633 of the House bill and sec. 4523 of the Senate amendment)

o Repeal of expired bond provisions (sec. 4637 of the House bill and sec. 4528 of the Senate amendment)

Estate and gift tax provisions

o Clarification of waiver of certain rights of recovery (sec. 4701 of the House bill and sec. 4601 of the Senate amendment)

o Adjustments for gifts within 3 years of decedent's death (sec. 4702 of the House bill and sec. 4602 of the Senate amendment)

o Clarification of qualified terminable interest rules (sec. 4703 of the House bill and sec. 4603 of the Senate amendment)

o Treatment of portions of property under marital deduction (sec. 4704 of the House bill and sec. 4604 of the Senate amendment)

o Transitional rule under section 2056A (sec. 4705 of the House bill and sec. 4605 of the Senate amendment)

o Opportunity to correct certain failures under section 2032A (sec. 4706 of the House bill and sec. 4606 of the Senate amendment)

Excise tax simplification

o Motor fuels tax provisions (secs. 4801-4803 of the House bill and secs. 4701-4703)

o Distilled spirits, wines, and beer provisions (sec. 4811-4821 of the House bill and secs. 4711-4721 of the Senate amendment)

o Authority for IRS to grant exemptions from registration requirements (sec. 4831 of the House bill and sec. 4731 of the Senate amendment)

o Expired provisions--temporary reduction in tax on piggyback trailers and tax on deep seabed minerals (sec. 4832 of the House bill and sec. 4733 of the Senate amendment)

Administrative provisions

o Use of reproductions of returns stored in digital image format (sec. 4904 of the House bill and sec. 4802 of the Senate amendment)

o Repeal of authority to disclose whether prospective juror has been audited (sec. 4905 of the House bill and sec. 4803 of the Senate amendment)

o Repeal of special audit provisions for subchapter S items (sec. 4906 of the House bill and sec. 4804 of the Senate amendment)

o Clarification of statute of limitations (sec. 4907 of the House bill and sec. 4805 of the Senate amendment)

o Tax Court procedures (secs. 4911-4914 of the House bill and secs. 4811-4814 of the Senate amendment)

o Cooperative agreements with State tax authorities (sec. 4921 of the House bill and sec. 4821 of the Senate amendment)

Taxpayer Bill of Rights

o Notification of reasons for termination or denial of installment agreements (sec. 5101 of the House bill and Senate amendment)

o Extension of interest-free period for payment of tax after notice and demand (sec. 5202 of the House bill and Senate amendment)

o Disclosure of collection activities with respect to joint returns (sec. 5301 of the House bill and Senate amendment)

o Joint return may be made after separate returns without full payment of tax (sec. 5302 of the House bill and Senate amendment)

o Offers in compromise (sec. 5402 of the House bill and Senate amendment)

o Notification of examination (sec. 5403 of the House bill and Senate amendment)

o Designated summons (sec. 5405 of the House bill and Senate amendment)

o Phone numbers of person providing payee statement required to be shown on such statement (sec. 5501 of the House bill and Senate amendment)

o Disclosure of certain information where more than one person subject to penalty (sec. 5603 of the House bill and Senate amendment)

o Public information requirements (sec. 5604(a) of the House bill and Senate amendment)

o Increased limit on attorney fees (sec. 5702 of the House bill and Senate amendment)

o Failure to agree to extension not taken into account (sec. 5703 of the House bill and Senate amendment)

o Required content of certain notices (sec. 5801 of the House bill and Senate amendment)

o Treatment of substitute returns for purposes of the penalty for failure to pay taxes (sec. 5802 of the House bill and Senate amendment)

o Required notice to taxpayers of certain payments (sec. 5804 of the House bill and Senate amendment)

o Explanation of certain provisions relating to form modifications (sec. 5901 of the House bill and Senate amendment)

o Rights and responsibilities of divorced individuals (sec. 5903 of the House bill and Senate amendment)

Miscellanous Revenue Provision

o Credit for portion of employer social security taxes paid with respect to employee cash tips (sec. 2401 of the House bill and sec. 9205 of the Senate amendment)

REVENUE-RELATED PROVISIONS OF H. R. 11 AS PASSED BE THE HOUSE AND SENATE

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
I. ECONOMIC DEVELOPMENT IN DISTRESSED AREAS--ENTERPRISE ZONES (secs. 1101-1104, 1111, 1121, and 1131 of the House bill and secs. 1101-1106, 1111, and 9401-9403 of the Senate amendment)		
A. Designation of Zones		
1. Number of zones	a. Urban zones.--Secretary of HUD will designate 25 urban zones (8 in 1992-93, 7 in 1994, 6 in 1995, and 4 in 1996).	a. Urban zones.--Secretary of HUD will designate 75 urban zones (11 in 1993, 14 in 1994, 25 in 1995, and 25 in 1996). At least 40 of the urban zones will be located in cities with a population less than 500,000.
	b. Rural zones.--Secretary of Agriculture (in consultation with Sec. of Commerce) will designate 25 rural zones (same phase-in as with urban zones). At least one of the rural zones must be located on an Indian reservation.	b. Rural zones.--Secretary of Agriculture (in consultation with Sec. of Interior) will designate 40 rural zones (8 in 1993, 8 in 1994, 12 in 1995, and 12 in 1996). (Floor amendment by Senator Chafee (for Senators McCain, Inouye, and Domenici), adopted by voice vote, eliminated the 10 Indian reservation zones--and eligibility of Indian reservations to be included in other zones--provided for by the committee provision. The floor amendment substituted certain tax incentives available in all Indian reservations.)
2. Period of zone designation	Zone designations generally will remain in effect for 15 years.	Zone designations generally will remain in effect for 10 years.

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3. Eligibility criteria		
a. Urban zones	a. An urban area will be eligible for zone designation only if the area:	a. Zones (urban and rural) must meet the following criteria:
	(1) consists of not more than three noncontiguous parcels within the same metropolitan area;	(1) must be one contiguous area (noncontiguous parcels not allowed);
	(2) located entirely within one State;	(2) located within not more than 2 States;
	(3) has a population of at least 4,000;	(3) 20,000 minimum population for urban zones (10,000 minimum population for urban zones in cities with population less than 500,000), 5,000 minimum population for rural zones;
	(4) has pervasive poverty, unemployment, and general economic distress (including high incidence of crime and narcotics use);	(4) pervasive unemployment and general distress (indicated by factors such as high crime rates, or designation of area as a disaster area or high-intensity drug trafficking area);
	(5) has an unemployment rate of at least 1.5 times the national rate;	(5) 80% of census tracts each have a poverty rate of at least 35%; and
	(6) has poverty rates of at least 20 percent in each of 90 percent of the area's population census tracts;	(6) all census tracts each have a poverty rate of at least 25%.
	(7) does not exceed 20 square miles; and	No mileage limitation on size of zones.
	(8) does not contain any portion of a central business district (as described in most recent Census of Retail Trade).	No provision regarding central business districts.
b. Rural zones	b. A rural area will be eligible for zone designation only if the area:	b. Criteria for urban and rural zones are the same under the Senate amendment, except for the minimum population requirement.
	(1) consists of not more than three noncontiguous parcels;	

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	(2) is located within not more than four contiguous counties; (3) is located entirely within one State (except for Indian reservations); (4) has a population of at least 1,000; (5) has a condition of general economic distress; (6) meets at least two of the following criteria--(a) an unemployment rate at least 1.5 times the national rate, (b) poverty rates of at least 20 percent in each of 90 percent of the area's population census tracts, (c) a decline in employment (as measured by total wages) of more than 5 percent over the 5-year period preceding designation, and (d) a decline in population of 10 percent or more between 1980 and 1990; and (7) does not exceed 10,000 square miles.	
4. State and local government commitments	To be eligible for zone designation, the State and local government will be required to follow a specified course of action designed to reduce burdens borne by employers or employees in the zone, which course of action may include the State or local government directly offering certain property insurance coverage to enterprise zone businesses, tax benefits, infrastructure improvements, actions to simplify government regulations, increases in local services provided, involvement by private organizations, mechanisms to increase equity ownership by zone residents, donation of real estate to low-income people, and other actions to improve the quality of life.	Generally the same as the House bill, but the following elements of the course of action will be required: (1) state insurance commissioner must certify that basic commercial property insurance of a type that is comparable to insurance generally in force in urban (or, if applicable, rural) areas throughout the State is available to businesses in the zone; (2) a program to ensure necessary rehabilitation of public property; (3) increase in local public services (including public safety protection);

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		(4) involvement by public authorities or private entities (including training); (5) special preferences to minority contractors in connection with an activities in the zone; (6) programs to encourage local financial institutions to satisfy obligations under Community Reinvestment Act of 1977 (with emphasis on locally owned firms); and (7) special preferences for LIHC and private-activity bond projects in the zone.
5. Selection process	Zones will be selected on the basis of the following factors (each of which is given equal weight): (1) strength and quality of promised contributions by State and local governments relative to their fiscal ability; (2) effectiveness and enforceability of guarantees that the course of action will be implemented; (3) level of commitments by private entities; (4) the potential for revitalization of the nominated area, taking into account particularly the number of jobs to be created and retained; and (5) the average rankings (relative to other nominated areas) with respect to (a) in the case of urban zones, the degree of poverty and unemployment, or (b) in the case of rural zones, two of the following criteria that give the area a higher average ranking--poverty, unemployment, job loss, or population loss. Zones will be designated from areas nominated by State and local governments, a State-chartered economic development corporation, or a governing body of an Indian reservation.	Generally the same as the House bill, except that the potential for revitalization (factor (4)) deleted, and factor (5) limited to relative levels of poverty, unemployment, and general distress. In addition, the specificity of the promised verification that the course of action is being implemented will be considered. State and local governments will have no less than five months after issuance of agency rules regarding designation procedures to submit applications for zone designation before such applications are evaluated and compared and any area is designated as a tax enterprise zone. Zones will be designated from areas nominated by State and local governments.
6. Effective dates	Zone designations will be made only during	Zone designations will be made only during

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	calendar years 1992 through 1996 (according to the phase-in schedule in A.1. above). The tax incentives provided for zones generally are available during the 15-year period that the designation remains in effect.	calendar years 1993 through 1996 (according to the phase-in schedule in A.1. above). The tax incentives provided for zones generally are available during the 10-year period that the designation remains in effect.

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B. Tax Incentives		
1. Definition of "enterprise zone business"	"Enterprise zone business" requirement applies to all tax incentive provisions other than the employer wage credit. An activity qualifies as an "enterprise zone business" if: (1) at least 1/3 of the employees are zone residents; (2) at least 80 percent of its gross income is attributable to active business activities conducted within the zone; (3) substantially all of the use of the tangible property of the business (whether owned or leased) occurs within the zone; (4) substantially all of the services performed by employees are performed in the zone; and (5) less than 5% of the business assets are certain financial property or collectibles (unless held for sale to customers). A business consisting predominantly of development or holding intangibles for sale or licensing is not treated as an enterprise zone business. Rental real estate would qualify as an enterprise zone business only if the property was leased to an "enterprise zone business" or was substantially improved residential property. Rental of personal property not treated as an enterprise zone business unless substantially all the customers are enterprise zone businesses or residents.	"Enterprise zone business" requirement applies to all tax incentive provisions other than the employer wage credit and expanded TJTC. Same definition of "enterprise zone business" as in House bill, except (1) substantially all intangible assets must be used in the active conduct of an enterprise zone business; (2) rental real estate would qualify as an enterprise zone business only if at least 50 percent of the gross rental income from the building or structure is from enterprise zone businesses; (3) operation of a facility described in present-law section 144(c)(6)(B) (e.g., massage parlor, gambling, liquor store) would not qualify as an enterprise zone business; and (4) large farms (farming businesses with assets with an unadjusted basis exceeding $500,000) would not qualify as an enterprise zone business.
2. Wage credits		
a. Enterprise zone wage credit	a. 15% nonrefundable wage credit provided to all employers for the first $20,000 of wages paid to an employee who (1) is a zone resident,	a. 30% wage credit provided to all employers for first $15,000 of wages paid to an employee who (1) is a zone resident, and (2) performs

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	and (2) performs substantially all services within the zone in a business of the employer.	substantially all services within the zone in a business of the employer.
	Wages eligible for credit generally include wages as defined for FUTA purposes.	Credit available for (1) wages paid to zone residents and (2) section 127 training expenses paid to 3rd party (or for in-house youth training program).
	Wages paid to relatives not eligible.	Wages paid to relatives not eligible.
	Employer must notify employees of advance refundability of EITC.	Employer must notify employees of advance refundability of EITC.
	If an employee is terminated less than one year after initial employment, the amount of credit previously claimed generally is recaptured (unless the employee voluntarily leaves, becomes disabled, or is fired due to misconduct.	Employee must work a minimum of the lesser of 90 days or 120 hours.
		Wage credit not available to a business that (1) operates a facility described in present-law section 144(c)(6)(B), or (2) conducts farming operations and has assets with an unadjusted basis exceeding $500,000.
	Credit subject to general business credit limitation of sec. 38 and, thus, cannot reduce AMT.	Refundable for small employers (and not subject to AMT) with gross receipts less than $2 million. Nonrefundable for other employers (and subject to sec. 38 limitation and, thus, cannot offset AMT).
b. Expanded TJTC	b. No provision.	b. Expanded TJTC (at 30% rate) for zone residents hired outside of zone.
		If employer claims wage credit, then cannot claim TJTC with respect to the same wages.
3. Deduction for purchase of E-Zone stock	Individuals could elect to deduct up to $25,000 per year of the purchase price of certain E-Zone stock (subject to a $250,000 lifetime	Same as House bill, except --
		(1) 50% deduction applies;

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	cap). E-Zone stock would be eligible if: (1) the purchase is on the original issue of such stock; (2) the proceeds are used by the issuer within 12 months to acquire depreciable property, the original use of which within the zone commences with the issuer; (3) the issuer is a subchapter C corporation (a) which has only one class of stock, (b) which is engaged solely in the conduct of an "enterprise zone business," (c) which does not own or lease more than $5 million of property, and (d) more than 20 percent of whose stock is owned by individuals, partnerships, estates, or trusts. Related persons treated as a single individual. Individuals are permitted to carry excess amounts above the annual deduction limit to the next taxable year (subject to the lifetime cap). If the stock is sold (or the stock or corporation ceases to meet the qualifications above), the gain (or the full deduction in the case of a disqualification) would be recaptured as ordinary income. If the stock is disposed of before being held for 5 years (or a disqualification occurs during that period), interest would be charged on the decrease in tax that resulted from the deduction. Stock would be eligible for the deduction only if certified by the local allocating official, who could certify for each zone up to $30 million of stock for each year of zone designation. Upon sale, amount expensed recaptured as ordinary income (and stock not eligible for capital gains exclusion or deferral described below).	(2) annual deduction limited to $20,000 (i.e., taxpayer must purchase $40,000 of qualified stock to claim full $20,000 deduction allowed per year); (3) lifetime cap applies of $200,000 of deductions; (4) no cap on annual amount of stock that can qualify for expensing and stock not required to be certified by a local official; and (5) issuing corporation cannot own or lease more than $2 million of assets.

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	Deduction allowed in computing AMT.	
4. Expensing and depreciation of property		
a. Section 179 expensing	a. Section 179 expensing deduction for equipment and machinery purchases increased to $20,000 for certain enterprise zone businesses.	a. $10,000 section 179 expensing deduction allowed for certain enterprise zone businesses for equipment and machinery purchases, and buildings. In addition, 50 percent of the next $40,000 of such investment also may be expensed under section 179. (Investment not expensed eligible for accelerated depreciation.)
	Phaseout of section 179 expensing for taxpayer's with investment between $200,000 and $220,000.	Phaseout of section 179 expensing for taxpayers with investment between $200,000 and $250,000.
	The $20,000 expensing amount applies only if all component members of a group are enterprise zone businesses.	All component members of a controlled group are treated as one taxpayer for purposes of the $10,000 and $40,000 limitations and the phaseout.
	Expensing allowed for AMT purposes.	Expensing allowed for AMT purposes.
b. Accelerated depreciation	b. No provision.	b. The recovery period for property used in an enterprise zone business would be cut by approximately one-third (e.g., 3-year property would have a 2-year recovery period; commercial real property would have a 20-year recovery period). Would not apply for AMT purposes.
5. Ordinary loss treatment	Ordinary loss treatment (for individuals and corporations) for losses on disposition of property used in an enterprise zone business for at least 2 years (5 years for real property) or ownership interests in an enterprise zone business held for at least 2 years. Provision does not apply to intangible property (other than ownership interests in an enterprise zone business).	Ordinary loss treatment -- same as House bill.

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	Ordinary loss treatment applies only to losses attributable to period that property was used in an enterprise zone business. Losses from transactions with related parties would not apply. Loss treatment would apply for AMT purposes.	
6. Capital gain deferral	Capital gain deferral for individuals on gains on tangible property acquired (or substantially renovated) after zone designation and used in an enterprise zone business (or attributable to an ownership interest in an enterprise zone business), provided that gain is re-invested in tangible property used in an enterprise zone business (or ownership interest in an enterprise zone business). Deferral will not apply to intangible property (other than ownership interests in an enterprise zone business) nor to gains attributable to severance of timber, coal, or other natural resources [Comm. Rpt. but not in bill].	No provision for capital gain deferral.
7. Capital gain exclusion	50% Capital gains exclusion for individuals for gains from disposition of tangible property (including land) acquired (or substantially renovated) after zone designation and used in an "enterprise zone business" for at least 5 years or from ownership interests in an "enterprise zone business" (corps or partnerships -- including intangibles held by such entities) held for at least 5 years. Only gains attributable to period that property was used in an enterprise zone business would be eligible for the gain exclusion. The gain exclusion would not apply to assets acquired from related parties. The gain exclusion would apply in	No provision for capital gain exclusion.

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	computing AMT.	
8. Tax-exempt financing	Tax-exempt financing -- Expands qualified redevelopment bonds to apply to all 50 designated tax enterprise zones. Liberalizes local government financial commitment requirements. (Enterprise zones are not counted against limits on portion of jurisdiction that may be a "designated blighted area.")	Tax-exempt financing -- Creates new category of exempt-facility bonds for all 125 designated tax enterprise zones and all other areas certified as meeting zone criteria. No local government financial commitment required.
	Allowable uses of proceeds	Allowable uses of proceeds
	(1) Governmental land acquisition and clearing, building rehabilitation, and infrastructure improvement for property to be transferred to private businesses.	(1) No provision.
	(2) Pool loans to enterprise zone businesses of up to $2.5 million per business for tangible property used in zone (up to 50% of each issue).	(2) Financing of tangible property used in a zone, up to $1 million per business.
	Expenditure requirements	Expenditure requirements
	Pool loans must originate within 18 months of bond issuance. Unlent bond proceeds must be used to redeem bonds; recycling of repayments not allowed.	Proceeds must be spent within 18 months; unspent proceeds must be used to redeem bonds and give rise to 3% penalty.
	Limit on interest charged to zone businesses	Limit on interest charged to zone businesses
	Interest to pool borrowers may not exceed 0.125 percentage points over bond yield.	No provision.
	Penalties for non-compliance	Penalties for non-compliance
	(1) Change-in-use penalties and additional penalty if financed property removed from zone.	(1) Same as House bill.
	(2) No loss of tax-exemption if issuer reasonably expects compliance by pool loan	(2) No provision.

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	borrowers. Volume cap 50% exclusion Period for issuance May only issue during 60-month period following zone designation. Marketing assistance Allows pool financing with local government financial commitment.	Volume cap 50% exclusion Period for issuance May only issue during 60-month period following zone designation or certification. Marketing assistance Extends "bank qualified" status (sec. 265).
9. Low-income housing credit	No provision.	For purposes of the low-income housing credit (LIHC), zones would automatically qualify as "difficult to develop" areas, within which the eligible basis is 130% of the cost basis. The present-law State credit cap would apply.
10. Contributions to community development corporations	Taxpayers who make qualified cash contributions to one of 10 community development corporations (CDCs) selected by the Secretary of HUD are allowed to claim a credit for each taxable year during the 10-year period beginning when the contribution was made. The credit that may be claimed for each year is equal to 5% of the amount of the contribution to the CDC. CDCs eligible to participate in the program must be tax-exempt charities that promote employment and business opportunities in certain distressed areas. The aggregate amount of contributions which may be designated by each selected CDC as eligible for the credit may not exceed $2 million.	No provision.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
C. Studies	Treasury and GAO each are directed to submit to Congress an interim report by July 1, 1997, and a final report by July 1, 2002, analyzing the effectiveness of the tax enterprise zones.	A study will be conducted under the auspices of the National Academy of Sciences, analyzing the effectiveness of the tax enterprise zones. An interim report is required to be submitted to Congress by July 1, 1997, and a final report by July 1, 2000. The Treasury Department is directed to contract with the National Academy of Sciences within three months after date of enactment to conduct this study.

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D. Indian reservation incentives	No provision (but at least one of the designated rural zones must be located on an Indian reservation).	Businesses on Indian reservations are allowed the following two tax incentives: (1) Investment tax credit.--If the Indian reservation has an unemployment rate exceeding 300% of the national average, a 10% investment tax credit (ITC) is allowed for depreciable personal property used predominantly in the active conduct of a business within the reservation; and a 15% ITC is allowed for nonresidential real property, residential real property, and certain infrastructure investment, if originally placed in service by the taxpayer and used within the reservation predominantly in the active conduct of a business. If the Indian reservation has an unemployment rate exceeding 150% of the national average (but less than 300%), the ITC rates are 5% for personal property and 7.5% for real property and infrastructure investment. No ITC is provided if the unemployment rate of a reservation is less than 150% of the national average. (2) Incremental wage credit.--A 10% credit is allowed (30% if the employer has at least 85% Indian employees) for wages and qualified health insurance costs paid to an employee who (a) began work after June 30, 1992, (b) received wages for the taxable year that do not exceed $30,000 (adjusted for inflation), (c) performed substantially all services in a trade or business within a reservation, and (d) had a principal place of abode while performing such services on or near the reservation. The credit is available only to the extent that the employer's payment of qualified wages within the reservation during the taxable year exceeds such wages paid during 1991. Wages paid to individuals who are not enrolled members of an Indian tribe (or a spouse of a member) would not be eligible for the credit.

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		Wages paid to relatives of the employer also would not be eligible for the credit. Effective date.--Property placed in service, and wages paid, after December 31, 1992. (Floor amendment by Senator Chafee (for Senators McCain, Inouye, and Domenici), adopted by voice vote, eliminated the 10 Indian reservation zones--and eligibility of Indian reservations to be included in other zones--provided for by the committee provision. The floor amendment substituted the above two tax incentives for potentially all Indian reservations.)

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
II. ECONOMIC GROWTH INCENTIVES **A. Individual Retirement Arrangements (IRAs)** **1. Modify IRA deduction (secs. 2001-2003 of the Senate amendment)**	No provision.	1. Increases the income limitation on IRA eligibility from $40,000 to $120,000 for married taxpayers and from $25,000 to $80,000 for single taxpayers. These dollar limits are indexed for inflation beginning in 1994. In addition, the active participant rule is modified so that a person is not considered to be an active participant because their spouse is an active participant in an employer-sponsored retirement plan. (Senate floor amendment by Senators Metzenbaum and Rudman, adopted by voice vote, modified the committee provision.) 2. Indexes the limits on contributions to IRAs in increments of $500. 3. Coordinates the limit on contributions to IRAs with the limit on elective deferrals to qualified plans (e.g., sec. 401(k) plans), so that IRA contributions cannot exceed the difference between the limit on elective deferrals and the amount actually deferred. Effective date.--Taxable years beginning after December 31, 1993.
2. Special IRAs (sec. 2011 of the Senate amendment)	No provision.	a. Permits nondeductible contributions to new "special IRAs". The eligibility rules that apply to deductible IRAs also apply to special IRAs. Withdrawals from a special IRA are not includible in income if attributable to contributions that have been held by the special

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		IRA for at least 5 years. b. Coordinates the limits on contributions to deductible IRAs and special IRAs. c. Permits taxable transfers from deductible IRAs to special IRAs without imposition of the 10-percent tax on early withdrawals. In the case of a transfer before January 1, 1994, the transferred amount is includible in income ratably over a 4-taxable year period. Effective date.--Generally, taxable years beginning after December 31, 1993. However, the provision permitting transfers from deductible IRAs to special IRAs is effective for taxable years beginning after December 31, 1992.
3. Penalty-free distributions (sec. 2021 of the Senate amendment)	No provision.	a. Waives the 10-percent additional income tax on early withdrawals from an IRA or from amounts attributable to elective deferrals under sec. 401(k), 403(b), and 501(c)(18) plans for (1) first-time homebuyers, (2) educational expenses, and (3) catastrophic medical care. b. Deems an individual whose principal residence was destroyed or substantially damaged by Hurricane Andrew, Hurricane Inikki, or Typhoon Omar to be a first-time homebuyer for purposes of the above waiver. (Floor amendment by Senator Mack, adopted by voice vote.) c. Waives the 10-percent additional income tax on early withdrawals from an IRA for the long-term unemployed. d. Waives the 10-percent additional income tax on withdrawals from IRAs and elective deferrals from sec. 401(k), 403(b), and

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		501(c)(18) plans made during 1992 and 1993 and used to purchase a new American-made automobile. (Floor amendment by Senator Specter, adopted by voice vote.) Effective date.--Payments and distributions after December 31, 1992.
4. 5-year holding period (sec. 2022 of the Senate amendment)	No provision.	a. Provides that contributions to a deductible IRA generally must remain in the account for at least 5 years to avoid withdrawal penalties, even for individuals who have attained age 59-1/2. Effective date.--Contributions (and earnings allocable thereto) made after December 31, 1993.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
B. Extension of Certain Expiring Tax Provisions	18-month extension (through December 31, 1993).	15-month extension (through September 30, 1993). (Senate floor amendment by Senator Dole, adopted by roll call vote, modified the Committee provision.)
1. Exclusion for employer-provided educational assistance (sec. 2002 of the House bill and sec. 2141 of the Senate amendment)		
	Effective date.--Taxable years ending after June 30, 1992.	Effective date.--Same as the House bill.
2. Exclusion for employer-provided group legal services; tax exemption for qualified group legal services organizations (sec. 2003 of the House bill and sec. 2142 of the Senate amendment)	18-month extension (through December 31, 1993).	15-month extension (through September 30, 1993). (Senate floor amendment by Senator Dole, adopted by roll call vote, modified the Committee provision.)
	Effective date.--Taxable years ending after June 30, 1992.	Effective date.--Same as the House bill.
3. Deduction for health insurance costs of self-employed individuals (sec. 2006 of the House bill and secs. 2143, 9221, and 9230 of the Senate amendment)	Six-month extension (through December 31, 1992).	Six-month extension at 25% (through December 31, 1992), and 17-1/2 month extension (through May 15, 1994) at 100%. (Senate floor amendments by Senators Dole, Bentsen, and Lott modified the Committee provision.)
	Effective date.--Taxable years ending after June 30, 1992.	Effective date.--Same as the House bill.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
4. **Qualified mortgage bonds (sec. 1203 of the House bill and secs. 2144 and 9239 of the Senate amendment)**	a. Extends program permanently. b. Clarifies treatment of certain subordinate mortgage loans in high housing cost areas. c. Extends first-time homebuyer status to certain holders of "contracts for deed who (i) currently live on the financed land and (ii) have incomes below 50% of area median. d. No provision. **Effective date.**--Generally, the provision is effective after June 30, 1992. The provisions relating to treatment of governmental units under certain housing affordability programs and to land owned subject to certain contracts for deed applies to QMB and MCC-financing provided after the date of enactment.	a. Extends program for 15 months. b. No provision. c. Same as House bill except (i) not required to live on land currently and (ii) income limit is $15,000 (indexed after 1992). d. For residences located in a natural disaster area, the $15,000 limitation for qualified home improvement loans is waived. **Effective date.**--Generally, the provision is effective after June 30, 1992. The provision relating to land owned subject to certain contracts for deed applies to loans made (and MCCs granted) after the date of the bill's enactment.
5. **Qualified small-issue bonds (sec. 1204 of the House bill and sec. 2145 of the Senate amendment)**	a. Extends program permanently. b. No provision. **Effective date.**--The provision is effective for bonds issued after June 30, 1992.	a. Extends program for 15 months. b. Increases the total allowable capitalization to $20 million per project. (Floor amendment by Senators Glenn and Metzenbaum, adopted by voice vote, modified the committee provision.) **Effective date.**--Same as House bill.

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6. **Research and experimentation tax credit (sec. 2001 of the House bill and secs. 2146 and 9233 of the Senate amendment)**	The research and experimentation tax credit (sec. 41) is extended for 18 months. In addition, legislative history states that Congressional intent is that neither the enactment of the credit nor the "targeting" modifications to the credit in 1986 affect the definition of "research or experimental expenditures" or the eligibility of product development costs for purposes of section 174. Effective date.--Expenditures incurred during July 1, 1992, through December 31, 1993.	The research and experimentation tax credit (sec. 41) is extended for 15 months. The amendment also provides that, if the first taxable year for a taxpayer in which it had both gross receipts and qualified research expenditures began after 1983, then the taxpayer will be deemed to be a start-up firm with a fixed-base percentage of .03. (Floor amendments by Senator Dole and Senator Packwood, adopted by voice votes, modified the committee provision.) Effective date.--Expenditures incurred during July 1, 1992, through September 30, 1993. The amendment to the start-up firm rules is effective for taxable years beginning after September 30, 1992.
7. **Low-income housing credit (sec. 1201 of the House bill and secs. 2147 and 9239 of the Senate amendment)**	(a) Extends program permanently. (b) Allows operators of projects placed in service before 1990 to elect to set rents for low-income tenants based on unit size rather than family size. (c) No provision. (d) No provision.	(a) Extends program for 15 months. (b) Same as House bill except that owners must enter into a compliance monitoring agreement with the state allocating agency to be eligible for the election. (c) Requires credit agencies to consider reasonableness of development and operating costs in allocating credits. (d) Includes in eligible basis the cost of functionally related and subordinate community service areas that are commensurate with tenant needs.

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	(e) No provision.	(e) Authorizes Treasury to waive 10-year antichurning rule for projects operated under sec. 221(d)(4) of the National Housing Act.
	(f) No provision.	(f) Authorizes Treasury to waive (a) penalties for de minimis errors in applying low-income tenant occupancy rules and (b) annual recertification for 100% low-income buildings.
	(g) No provision.	(g) Extends rule allowing certain full-time students to qualify as low-income tenants.
	(h) No provision.	(h) Modifies order in which credit carryforwards are deemed to be used.
	(i) No provision.	(i) In the event of a natural disaster the Secretary of the Treasury may: (1) waive the 24-month completion requirement for 2 years, (2) waive the written income verification requirement until income information is reasonably obtainable, (3) waive the qualifying tenant income limitation, (4) waive the 6-month residency requirement, (5) waive the 10-year anti-churning rule, and (6) modify the National pool allocation formula. (Floor amendment by Senator Chafee, adopted by voice vote,

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		modified the committee provision.)
	Effective date.--The provision is effective on the date of enactment.	**Effective date.**--The extension is effective on the date of enactment. Generally, the modifications to the credit are effective for allocations of low-income housing credit volume limitation (and buildings financed with tax-exempt bonds issued) after June 30, 1992. The provisions relating to an election under the gross rent limitation and to the Treasury Department's authority to grant waivers are effective on date of enactment. The provision relating to the credit carryforward rules is effective on or after January 1, 1992.
8. Targeted jobs tax credit (sec. 1202 of the House bill and sec. 2148 of the Senate amendment)		
	(a) Extends the program permanently.	(a) Extends program for 15 months.
	(b) Restores 23- and 24-year olds.	(b) Same as the House bill.
	(c) No provision.	(c) Adds new eligible category of long-term unemployed individuals.
	(d) No provision.	(d) Adds new eligible category of residents of Federally designated enterprise zones.
	(e) No provision.	(e) Repeals the 120-hour component of the minimum employment requirement.
	Effective date.--The provision is effective for individuals who begin work for an employer after June 30, 1992.	**Effective date.**--Generally, the provision is effective for individuals who begin work for an employer after June 30, 1992. However, the provision relating to the minimum employment period is effective after the date of enactment. Also, the provision relating to long-term unemployed individuals is effective for

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		employees hired during the six-month period starting after the date of enactment.
9. Tax credit for orphan drug clinical testing expenses (sec. 2149 of the Senate amendment)	No provision.	The tax credit for orphan drug clinical testing expenses (sec. 28) is extended for 15 months. (Floor amendment by Senator Dole, adopted by voice vote, modified the committee provision.) Effective date.--Expenditures incurred during July 1, 1992, through September 30, 1993.
10. Extension and modification of the nonconventional fuels production credit (sec. 2152 of the Senate amendment)	No provision.	a. Extends the placed in service date for wells and facilities for eight months. Thus, production from wells drilled and facilities placed in service after December 31, 1979 and before September 1, 1993 qualifies for the credit. b. Treats facilities that produce either (1) gas from biomass or (2) liquid, gaseous, or solid synthetic fuels from coal as being placed in service before September 1, 1993 if the facility is actually placed in service before January 1, 1997 pursuant to a binding written contract in effect before January 1, 1996 and at all times thereafter until the facility is placed in service. Production from such facilities will qualify for the credit if sold before January 1, 2008. c. Production from facilities that produce coke or coke gas qualifies for the credit only if (1) the original use of the facility commences with the taxpayer, or (2) the taxpayer owns the facility on December 31, 1992 and at all times thereafter. d. In general, permits the credit only for the first 42 million cubic feet of gas produced from any well during a taxable year. For purposes of

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		applying this limitation in the case of gas produced from Devonian shale where wells are operated under a unitization agreement and production from the unit's wells is not separately metered, production from the unit is apportioned ratably to all the producing wells in the unit. e. In the case of either gas produced from a tight formation or coal seams gas produced from long-wall mining (so-called "gob gas"), allows a credit equal to $2.25 per barrel of oil equivalent (not indexed for inflation) for annual production from a well between 42 million and 550 million cubic feet. f. The first 7,125 barrels of annual oil production from a well in the Bakken shale formation qualifies for the credit regardless of production method. (Floor amendment by Senators Dole and Rockefeller, adopted by voice vote.) Effective date.--Production from wells drilled, and facilities placed in service, after December 31, 1992.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
C. Investment in Real Estate		
1. Modification of the passive loss rules for certain real estate persons (sec. 2101 of the House bill and sec. 2101 of the Senate amendment)	a. Treats a taxpayer's rental real estate activities in which he materially participates as not subject to limitation under the passive loss rule if the taxpayer meets eligibility requirements.	a. Same as the House bill, except an eligible taxpayer's net loss from rental real estate activities in which he materially participates generally is allowed only to offset income from real property trade or business activities. A similar rule applies with respect to passive activity credits.
	b. An individual taxpayer meets the eligibility requirements if more than half of the personal services he performs in a trade or business are in real property trades or businesses in which he materially participates. Real property trade or business means any real property develpment, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business.	b. Same as the House bill.
	c. A closely held C corporation meets the eligibility requirements if more than 50 percent of its gross receipts for the taxable year are derived from real property trades or business in which the corporation materially participates.	c. Does not apply to closely held C corporations.
	Effective date.--Taxable years beginning after December 31, 1991.	Effective date.--Same as the House bill.
2. Application of passive loss limitations to timber activities (sec. 2102(a) of the Senate amendment)	No provision.	a. Provides that certain regulatory rules determining whether an individual materially participates in an activity do not apply to a closely held timber activity if the nature of the activity is such that the aggregate hours devoted to management of the activity for any year is generally less than 100 hours. The regulatory rules that do not apply are rules providing that: (1) an individual's management services are not taken into account under the facts and

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
		circumstances material participation test unless (a) no one else who performs services in connection with the management of the activity receives earned income for such services and (b) no one else performs more services (by hours); and (2) an individual cannot satisfy the facts and circumstances material participation test for an activity if he participates in the activity 100 hours or less during the taxable year. b. An activity is closely held if at least 80 percent is owned by either (1) 5 or fewer individuals; or (2) individuals who are members of the same family (within the meaning of Code section 2032A(e)(2)). c. A timber activity means the planting, cultivating, caring, cutting, or preparation (other than milling) for market, of trees. (Floor amendment by Senator Packwood, adopted by voice vote.) Effective date.--Taxable years beginning after December 31, 1992.
3. Treatment of passive activity losses and credits in certain discharges of indebtedness (sec. 2102(b) of the Senate amendment)	No provision.	Treats passive activity losses and credits as tax attributes that are reduced in the case of a discharge of indebtedness of the taxpayer that is excludable from income under Code section 108(a)(1). The reduction in the case of passive activity credits is 33-1/3 cents for each dollar of discharge income so excluded. (Floor amendment by Senator Packwood, adopted by voice vote.) Effective date.--Taxable years beginning after December 31, 1992.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
4. **Changes relating to real estate investments by pension funds and others.**		
a. **Modification of the rules related to debt-financed income (sec. 2111 of the House bill and the Senate amendment)**	Modifies the rules related to debt-financed income from real property acquired by pension funds and certain other tax-exempt organizations. Liberalizes the rules for real property that is held by a partnership where the real property is held by a large partnership that includes 50% taxable partners. Effective date.--Acquisitions on or after June 25, 1992.	Same as the House bill, with the modifications that (1) individual retirement accounts are excluded from the calculation of the requirement of 50% taxable partners and (2) financial institutions are defined to include government corporations that succeed to the rights and interests of a receiver or conservator. Effective date.--Acquisitions on or after July 28, 1992. Also for leases entered into on or after July 28, 1992. Partnership proposal is effective for partnership years ending on or after July 28, 1992. (Revenue table assumes an October 1, 1992 effective date)
b. **Repeal of the automatic UBTI rule for publicly-traded partnerships (sec. 2112 of the House bill and the Senate amendment)**	Repeals the automatic UBTI rule for publicly-traded partnerships. Effective date.--Partnership interests acquired on or after June 25, 1992.	Same as the House bill. Effective date.--Partnership years ending on or after July 28, 1992. (Revenue table assumes an October 1, 1992 effective date)
c. **Permit title-holding companies to receive small amounts of UBTI (sec. 2113 of the House bill and the Senate amendment)**	Permits title-holding companies to receive small amounts of UBTI. Effective date.--Taxable years beginning after December 31, 1991.	Same as the House bill. Effective date.--Same as the House bill.

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d. Exclusion from UBTI any gains from the disposition of property acquired from financial institutions in conservatorships or receiverships (sec. 2114 of the House bill and the Senate amendment)	Excludes from unrelated business taxable income any gains from the disposition of property acquired from financial institutions in conservatorship. Effective date.--Acquisitions after June 25, 1992.	Same as the House bill with the following modifications: (1) permits designations of disposal property within nine months of acquisition (rather than six months), (2) permits one-half by value (rather than one-third by value) of properties to be designated as disposal property, and (3) permits improvement and development of disposal property to the extent that the aggregate expenditures on development do not exceed 20 percent of the net selling price of the property (rather than prohibit significant development activity). Effective date.--Acquisitions after July 28, 1992. (Revenue table assumes an October 1, 1992 effective date)
e. Exclusion of loan commitment fees and certain option premiums from UBTI (sec. 2115 of the House bill and the Senate amendment)	Excludes loan commitment fees and certain option premiums from unrelated business taxable income. Effective date.--Loan commitment fees that are received on or after June 25, 1992.	Same as the House bill. Effective date.--Loan commitment fees that are received on or after July 28, 1992. (Revenue table assumes an October 1, 1992 effective date)
f. Relaxation of limitations on investments in real estate investment trusts by pension funds (sec. 2116 of the House bill and the Senate amendment)	Relaxes limitations on investments in real estate investment trusts by pension funds. Effective date.--Taxable years beginning after December 31, 1991.	Same as the House bill. Effective date.--Same as the House bill.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
5. Tax credit for first-time homebuyers (sec. 2121 of the Senate amendment)	No provision.	a. Individuals who are first-time homebuyers and who purchase a principal residence may receive a tax credit equal to 10 percent of the purchase price, up to a maximum credit of $2,500. Half of the credit is allowed in the taxable year of purchase, the other half in the following taxable year. The credit is nonrefundable. Any unused credit may be carried forward, but not beyond the fifth taxable year after the taxable year of purchase. b. The residence must be acquired on or after July 28, 1992, and before January 1, 1993, or a binding contract to acquire the residence must be entered into during that period and the residence must be purchased and occupied before April 1, 1993. Effective date.--Taxable years ending on or after July 28, 1992.
6. Treatment of certain real property business indebtedness of individuals (sec. 2131 of the Senate amendment)	No provision.	Provides an election to individual taxpayers to exclude from gross income certain income from discharge of qualified real property business indebtedness. The amount so excluded cannot exceed the basis of certain depreciable real property of the taxpayer and is treated as a reduction in the basis of that property. Effective date.--Discharges after December 31, 1991 in taxable years ending after that date.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
D. Luxury Excise Tax; Diesel Fuel Excise Tax on Motorboats		
1. Repeal of luxury excise tax on boats, aircraft, jewelry, and furs; indexing of luxury excise tax on automobiles (sec. 2301 of the House bill and sec. 2201 of the Senate amendment)	a. Boats, airplanes, jewelry, and furs.--The bill repeals the luxury excise tax imposed on boats, airplanes, jewelry, and furs.	a. Boats, airplanes, jewelry, and furs.--Same as the to House bill.
	b. Automobiles.--provides that the $30,000 threshold is indexed annually for inflation occurring after 1990.	b. Automobiles.-- Same as the House bill.
	c. Equipment installed for use by disabled individuals.--Provides the luxury excise tax does not apply to the cost of equipment to assist an individual with a disability to operate the vehicle, or to enter or exit the vehicle.	c. Equipment installed for use by disabled individuals.--Same as the House bill.
	d. Demonstrator vehicles.--No provision.	d. Demonstrator vehicles.--Exempts automobile dealers from paying the luxury tax on demonstrator vehicles used for purposes other than test drives.
	Effective date.--Repeal of the luxury excise taxes on boats, aircraft, jewelry, and furs is effective for sales on or after January 1, 1992. The indexation of the threshold applicable to automobiles is effective for sales on or after July 1, 1992. The provision relating to the purchase of accessories or modifications by disabled persons is effective for purchases after	Effective date.--Same as the House bill with respect to repeal, indexation of threshold, and equipment for disabled individuals. The provision relating to the use before sale of demonstrator vehicles is effective for vehicle use beginning after June 30, 1992. (The estimated revenue effect of the provision relating to the indexation of the

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
	December 31, 1990. (The estimated revenue effect of the provision relating to the indexation of the threshold applicable to automobiles provided in the accompanying revenue table assumes an effective date of October 1, 1992.)	threshold applicable to automobiles provided in the accompanying revenue table assumes an effective date of October 1, 1992.)
2. **Impose excise tax on diesel fuel used in noncommercial motorboats (sec. 2302 of the House bill and sec. 2202 of the Senate amendment)**	The bill extends the current 20.1-cents=per-gallon diesel fuel excise taxes to diesel fuel used by boats. Fuel used by commercial vessels remains exempt. The tax will expire after September 30, 1997. Effective date.--Effective after September 30, 1992. (The estimated revenue effect of the provision provided in the accompanying revenue table assumes an effective date of January 1, 1993.)	Same as the House bill.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
E. Other Investment-Related Incentives		
1. Exclusion for seed capital gain of individuals from certain small business stock (sec. 2162 of the Senate amendment)	No provision.	Taxpayers (other than C corporations) are allowed a capital gains exclusion for gain realized on the sale or exchange of certain small business stock held for more than 5 years. The exclusion is 50% for stock held more than 5 years, 60% for more than 6 years, 70% for more than 7 years, 80% for more than 8 years, 90% for more than 9 years, and 100% for more than 10 years. In order to qualify for the exclusion, the stock must be that of a domestic corporation (other than a corporation engaged in certain disqualified activities), the corporation must satisfy an active business test, the basis of the corporation's assets must not exceed $5 million, and the stock must be originally issued to the taxpayer. The exclusion is not a preference for purposes of the alternative minimum tax. (Floor amendment by Sen. Bumpers, adopted by voice vote.) Effective date.--Stock issued on or after the date which is 6 months after the date of enactment. Taxpayers can elect to mark to market appreciated small business stock issued before the effective date in order to qualify future gain from the sale of such stock for the exclusion.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
III. OFFSETTING REVENUE INCREASES		
A. General Provisions		
1. Mark-to-market accounting for security dealers (sec. 3001 of the House bill and sec. 3001 of the Senate amendment	Requires mark-to market accounting for securities held by dealers in securities Effective date.--Effective for taxable years ending on or after December 31, 1992. The section 481(a) adjustment that reflects the change in method of accounting is to be taken into account over a 10-year period, with 17 percent of the adjustment taken into account in the year of change, 6.5 percent in each of the ninth and tenth years, and 10 percent in each of the intervening years.	Same as the House bill, except the Senate amendment: (1) provides an exception from the provision for exchange floor specialists and NASDAQ market makers, (2) provides that gain or loss recognized under the provision (or with respect to securities otherwise subject to the provision if held at year end) is ordinary income or loss (with appropriate anti-straddle and anti-abuse rules), and (3) clarifies the interaction of the provision with sections 1091 and 1092 of the Code. Effective date.--Same as the House bill, except that the section 481(a) adjustment is taken into account ratably over a 7-year period. (An amendment by Sen. Metzenbaum, adopted by voice vote, substituted the 7-year period for a 10-year period.)
2. Tax treatment of FSLIC financial assistance (sec. 3002 of the House bill and sec. 3005 of the Senate amendment)	Provides that certain FSLIC assistance will not be taken into account for purposes of determining (1) the deductibility of losses under section 165 of the Code or (2) bad debt deductions under sections 166, 585, or 597 of the Code. Effective date.--FSLIC assistance credited on or after March 4, 1991, with respect to assets disposed of, charge-offs made in, and net operating losses carried into taxable years ending after on or after March 4, 1991.	Same as the House bill. Effective date.--Same as the House bill, except that relief from additions to tax is granted for underpayments of estimated tax payments due before the enactment of the Act.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
3. **Expansion of 45-day interest-free period for certain refunds (sec. 1935 of H.R. 776, as passed by the House, and sec. 3004 of the Senate amendment)**	No provision in H.R. 11. (However, sec. 1935 of H.R. 776, as passed by the House, provides as follows: No interest is to be paid by the Government on a refund arising from any type of original tax return if the refund is issued by the 45th day after the later of the due date for the return (determined without regard to any extensions) or the date the return is filed. A parallel rule applies to amended returns and claims for refunds: if the refund is issued by the 45th day after the date the amended return or claim for refund is filed, no interest is to be paid by the Government for that period of up to 45 days. A parallel rule also applies to IRS-initiated adjustments (whether due to computational adjustments or audit adjustments). With respect to these adjustments, the IRS is to pay interest for 45 fewer days than it otherwise would. Effective date.--The extension of the 45-day processing rule is effective for returns required to be filed (without regard to extensions) on or after July 1, 1992. The amended return rule is effective for amended returns and claims for refunds filed on or after July 1, 1992 (regardless of the taxable period to which they relate). The rule relating to IRS-initiated adjustments is applicable to refunds paid on or after July 1, 1992 (regardless of the taxable period to which they relate).)	Same as H.R. 776. Effective date.--October 1, 1992.

ITEM	HOUSE BILL	SENATE AMENDMENT
4. **Reporting requirements with respect to reimbursement of property tax to sellers of residences (sec. 3 of H.R. 5638 and sec. 3006 of the Senate amendment)**	No provision in H.R. 11. However, sec. 3 of H.R. 5638, as passed by the House on July 27, 1992, requires an information return to the IRS and customers reporting the amount of real property tax treated as imposed on the purchaser in a purchase of a residence. Effective date (H.R. 5638).--Transactions after December 31, 1992.	Same as sec. 3 of H.R. 5638. Effective date.--Same as sec. 3 of H.R. 5638.
5. **Require taxpayers to include rental value of residence in income without regard to period of rental (H.R. 2735 as passed by the House and sec. 3007 of the Senate amendment).**	No provision in H.R. 11. (H.R. 2735 as passed by the House repeals 15-day rule of 280A(g). Effective date.--Taxable years beginning after December 31, 1992.	Same as H.R. 2735, except that if the taxpayer rents his or her principal residence for less than 15 days for the purpose of providing accommodations to visitors to an event for which commercial accommodations can provide no more than one-half of the needed accommodations, then the current-law exclusion (and denial of deductions) applies to the extent that the rental rate charged is not greater than the reasonable commercial rate. (Senator Sanford's amendment to Senator Cochran's amendment adopted by a voice vote, modified the committee provision.) Effective date.--Taxable years beginning after date of enactment.
6. **Increase recovery period for depreciation of nonresidential real property (sec. 3003 of the House bill and sec. 3008 of the Senate amendment)**	Increase recovery period for depreciation for nonresidential real property from 31.5 to 40 years. Effective date.--Property placed in service on or after June 25, 1992. Transition relief is provided for property placed in service before January 1, 1995, if (1) the taxpayer or a qualified person entered into a binding written contract to purchase or construct the property before June 25, 1992, or (2) construction of the	Same as the House bill, except for the effective date. Effective date.--Property placed in service on or after July 28, 1992. Similar transition relief as contained in the House bill is provided (by substituting July 28, 1992, for June 25, 1992).

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	property was commenced by or for the taxpayer or a qualified person before June 25, 1992. For this purpose, a qualified person is defined as any person who transfers his or her rights in such a contract or in the property to the taxpayer, but only if the property is not placed in service by such person before such rights are transferred to the taxpayer.	
7. Deduction for moving expenses (sec. 3007 of the House bill and sec. 3010 of the Senate amendment)	(a) Repeals the $1500 limit on pre-move house hunting and temporary living expenses in the general location of the new job.	(a) No provision.
	(b) Imposes an overall $5000 cap on deductible moving expenses.	(b) Imposes an overall $19,000 cap on deductible moving expenses. (Floor amendment by Senator Bumpers, adopted by voice vote, modified the committee provision.)
	(c) Moves reimbursed moving expenses above the line.	(c) No provision.
	(d) Subjects unreimbursed moving expenses to the 2 percent floor on miscellaneous itemized deductions.	(d) No provision.
	(e) No provision.	(e) Denies deduction for expenses for the sale or purchase of a residence or settlement of a lease.
	(f) No provision.	(f) Denies deduction for meal and entertainment expenses. (A floor amendment to H.R. 776 by Senator Symms, adopted by a voice vote increases from 35 miles to 55 miles the mileage threshold for the moving expense deduction.)
	Effective date.--The provision is effective for	Effective date.--Same as the House bill.

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	taxable years beginning after December 31, 1992.	
8. **Require reporting of taxpayer identification numbers of parties in seller-financed mortgage transactions (sec. 1936 of H.R. 776, as passed by the House, and sec. 3011 of the Senate amendment)**	No provision in H.R. 11. (However, sec. 1936 of H.R. 776, as passed by the House, provides: If any person claims a deduction for qualified residence interest on any seller-provided financing, such person (the buyer) shall include on his or her tax return the name, address, and taxpayer identification number of the person (the seller) to whom the interest is paid or accrued. If any person receives or accrues interest from seller-provided financing, such person (the seller) shall include on his or her tax return the name, address, and taxpayer identification number of the person (the buyer) from whom the interest is received or accrued. Effective date.--Taxable years beginning after December 31, 1991.)	Same as H.R. 776. (Modification to committee amendment made on Senate floor, by Senator Mitchell.)
9. **Classification of certain interest as stock or indebtedness (sec. 3 of H.R. 5641 and sec. 3012 of the Senate amendment)**	No provision in H.R. 11. However, sec. 3 of H.R. 5641, as passed by the House on August 3, 1992, provides as follows: a) The characterization (as of the time of issuance) of a corporate instrument as stock or debt by a corporate issuer is binding on the issuer and on all holders, but not on the IRS. b) Such characterization is not binding on any holder who discloses on his tax return for the first taxable year during which he held the instrument that he is treating such instrument inconsistently.	Same as H.R. 5641, except that the characterization by the issuer is not binding on the holder if the holder discloses his inconsistent treatment on his tax return (not only on the tax return for the first taxable year that he held the instrument).

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	Effective date (H.R. 5641).--Instruments issued after date of enactment.	Effective date.--Same as H.R. 5641.
10. Deny deduction relating to travel expenses paid or incurred in connection with travel of taxpayer's spouse or dependents (sec. 3014 of the Senate amendment)	No provision.	Denies a deduction for travel expenses paid or incurred with respect to a spouse, dependent, or other individual accompanying a a person on business travel, unless (1) the spouse, dependent, or other individual accompanying the person is a bona fide employee of the person paying or reimbursing the expenses, (2) the travel of the spouse, dependent, or other individual is for a bona fide business purpose, and (3) the expenses of the spouse, dependent, or other individual would otherwise be deductible. Effective date.--Effective for amounts paid or incurred after December 31, 1992.
11. Deny deduction for club dues (sec. 3005 of the House bill and sec. 20131 of H.R. 776, as passed by the Senate)	No deduction is permitted for club dues. Specific business expenses (e.g., meals) incurred at a club would be deductible only to the extent they otherwise satisfy present-law standards for deductibility. Effective date.--Effective for club dues paid after the date of enactment.	No provision in H.R. 11. (However, sec. 20131 of H.R. 776 is the same provision.)
12. Increase excise tax on certain ozone-depleting chemicals (sec. 3015 of the Senate amendment) (sec. 2016 of H.R. 776 and sec 20116 of the Senate amendment to H.R. 776)	No provision in H.R. 11. (However, section 2016 of H.R. 776 as passed by the House on May 27, 1992, provides the following.	(In addition to the following provision relating to ozone-depleting chemicals, section 20116 of the Senate amendment to H.R. 776 as passed by the Senate on July 30, 1992, includes a provision identical to that of H.R. 776 as passed by the House, except for the effective date.)
	Base tax amount.--The bill increases and applies the same base tax amount to both initially listed chemicals and newly listed chemicals. The new base tax amount would be	Base tax amount.--Increases the base tax amount of both initially listed chemicals and newly listed chemicals by $0.15 per pound for 1992, by $0.25 per pound for 1993, by $0.35 per

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	$1.85 per pound in 1992, $2.75 per pound in 1993, $3.65 per pound in 1994, $4.55 per pound in 1995. For years after 1995, the base tax amount would increase by 45 cents per pound per year. Rigid foam insulation and halons.--The bill reduces the applicable percentage for certain ozone-depleting chemicals used in rigid foam insulation and certain halons. In the case of rigid foam insulation the applicable percentage is reduced from 15 percent to 13.5 percent for 1992 and from 10 percent to 9.6 percent in 1993. For Halon-1211 the new applicable percentages are 4.5 percent for 1992 and 3.0 percent for 1993. For Halon-1301 the new applicable percentages are 1.4 percent for 1992 and 0.9 percent for 1993. For Halon-2401 the new applicable percentages are 2.3 percent for 1992 and 1.5 percent for 1993. Medical sterilants.--The bill provides for a reduced rate of tax for certain ozone-depleting chemicals used as medical sterilants for 1992 and 1993. The applicable percent for such chemicals for 1992 is 90.3 percent and is 60.7 percent for 1993. Effective date.--Taxable chemicals sold or used on or after July 1, 1992. Floor stocks taxes are imposed on taxed chemicals held on the effective dates of changes in the base tax amount.)	pound for 1994, and by $0.45 per pound for 1995. For each year after 1995, the increase in the base tax amount is $0.45 per pound. Rigid foam insulation and halons.-- Reduces the applicable percentage for certain ozone-depleting chemicals used in rigid foam insulation and certain halons. In the case of rigid foam insulation the applicable percentage is reduced from 15 percent to 13.76 percent for 1992 and from 10 percent to 8.33 percent in 1993. For Halon-1211 the new applicable percentages are 4.58 percent for 1992 and 2.78 percent for 1993. For Halon-1301 the new applicable percentages are 1.38 percent for 1992 and 0.83 percent for 1993. For Halon-2401 the new applicable percentages are 2.29 percent for 1992 and 1.39 percent for 1993. Medical sterilants.--Provides for a reduced rate of tax for certain ozone-depleting chemicals used as medical sterilants for 1992 and 1993. The applicable percentage for such chemicals for 1992 is 91.76 percent and is 55.67 percent for 1993. Effective Date.--Taxable chemicals sold or used on or after October 1, 1992. Floor stocks taxes are imposed on taxed chemicals held on the effective dates of changes in the base tax amount. (The estimated revenue effect of the provision provided in the accompanying table assumes an effective date of January 1, 1993.) (The Senate amendment to H.R. 776 also provides for an October 1, 1992 effective date.)

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B. Extension of Existing Provisions		
1. Extension of personal exemption phaseout (sec. 3102 of the Senate amendment)	No provision.	Extends permanently the present-law personal exemption phaseout applicable to higher-income taxpayers. **Effective date.**-- Effective for taxable years beginning after 1996.
2. Extension of limitation on itemized deductions (sec. 3103 of Senate amendment)	No provision.	Extends permanently the present-law limitation on itemized deductions applicable to higher-income taxpayers. **Effective date.**-- Effective for taxable years beginning after December 31, 1995.

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C. Estimated Tax Provisions		
1. Modify individual estimated tax requirements (sec. 3101 of the House bill and sec. 3002 of the Senate amendment)	(1) Repeal the temporary special rule that denies the use of the 100 percent of last year's liability safe harbor for certain taxpayers and (2) permanently replace the 100 percent of last year's liability safe harbor with a 115 percent of last year's liability safe harbor for all taxpayers. **Effective date.**--Estimated tax payments with respect to taxable years beginning after 1992, with an election to apply the provision for 1992.	Same as the House bill, but permanently replace the 100 percent of last year's liability safe harbor with a 120 percent of last year's liability safe harbor for all taxpayers. **Effective date.**--Same as the House bill, but without the election for 1992.
2. Modify corporate estimated tax requirements (sec. 3102 of the House bill and sec. 3003 of the Senate amendment)	For taxable years beginning after 1996, require a large corporation to base its estimated tax payments on 95 percent of its current year tax liability. The bill also modifies the computation of current tax liability for corporations that use the annualization exception. **Effective date.**--Estimated tax payments with respect to taxable years beginning after 1996. (Note: Under present law, as amended by the Unemployment Compensation Amendments of 1992, for taxable years beginning after June 30, 1992, and before 1997, corporations are subject to a 97 percent estimated tax requirement; for taxable years beginning after 1997, corporations are subject to a 91 percent requirement.)	Same as the House bill, but with a 100 percent estimated tax requirement for taxable years beginning after 1992. **Effective date.**--Estimated tax payments with respect to taxable years beginning after 1992.

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D. Withholding Provisions		
1. Increase withholding from supplemental wage payments (sec. 2 of H.R. 5642, as passed by the House, and sec. 3301 of the Senate amendment)	No provision in H.R. 11. (However, sec. 2 of H.R. 5642, as passed by the House, increases the elective withholding rate on supplemental wage payments from 20 to 24 percent. Effective date.--Payments of supplemental wages made after December 31, 1993.)	Same as H.R. 5642, except the rate is 28 percent. Effective date.--Payments of supplemental wages made after December 31, 1992.
2. Increase withholding on gambling winnings (sec. 2 of H.R. 5660 and sec. 3302 of the Senate amendment)	No provision in H.R. 11. However, sec. 2 of H.R. 5660, as passed by the House on August 3, 1992, increases the rate of withholding on gambling winnings from 20 percent to 28 percent. Effective date (H.R. 5660).--Payments made after December 31, 1992.	Same as sec. 2 of H.R. 5660. Effective date.--Same as sec. 2 of H.R. 5660.
3. Increase backup withholding rate (sec. 2143(c) of the Senate amendment)	No provision.	Increases the rate of withholding with respect to backup withholding from 20 percent to 31 percent. Effective date.--Effective for amounts paid after December 31, 1992.

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E. Other Revenue Offsets		
1. Deny deduction for travel expenses paid or incurred in connection with employment lasting one year or more (sec. 2143(d) of the Senate amendment)	No provision.	Treats a taxpayer's employment away from home in a single location as indefinite rather than temporary if it lasts for one year or more. Effective date.--Effective for costs paid or incurred after December 31, 1992.
2. Modify depreciation of water utility property (sec. 9222(b) of the Senate amendment)	No provision.	The depreciation deductions allowed for regular tax purposes with respect to property which is an integral part of the gathering, treatment, and commercial distribution of water would be determined by using the straight-line method (rather than the 150-percent declining balance method as required by present law) and a recovery period of 25 years (rather than a recovery period of 20 years as required by present law). (Floor amendment by Senator Reid, adopted by voice vote.) Effective date.--Generally, property placed in service after December 31, 1992.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
IV. SIMPLIFICATION PROVISIONS **A. Individual Tax Provisions**		
1. Rollover of gain on sale of principal residence in case of multiple rollovers (sec. 4102 of the House bill)	Provide equivalent rollover treatment to residences regardless of whether they are work-related moves. Effective date.--After the date of enactment.	No provision.
2. Rollover of gain on sale of principal residence in the case of frozen assets (H.R. 5652 sec. 4101 of the Senate amendment)	No provisions in H.R. 11. H.R. 5652 suspends the two-year period but not beyond a date five years after the sale of the old residence during any time that a taxpayer has substantial frozen assets. A taxpayer is treated as having substantial frozen deposits if the taxpayer's deposit in a financial institution may not be withdrawn for a period of at least five days due to: (1) the bankruptcy or insolvency of the financial institution or, (2) any requirement imposed by the State in which the financial institution is located by reason of the bankruptcy or insolvency (or threat thereof) of one or more financial institutions located in the State. The amount of frozen deposits must exceed 50 percent of the adjusted sales price (under sec. 1034(b)) of the old residence less the amount of the taxpayer's indebtedness secured by the old residence. Effective date.--For any residence sold or exchanged after December 31, 1990 and any residence sold or exchanged on or before such date if the 1034(a) rollover has not expired before January 1, 1991.	Same as H.R. 5652 except that: (1) the suspension of the two-year period may not extend beyond a date four years (rather than five years) after the sale of the old residence, (2) the five-day requirement regarding frozen assets is deleted, and (3) the requirement that the frozen assets must exceed 50 percent of the adjusted sales price of the old residence (less indebtedness) is deleted. Effective date.--Same as House bill.

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3. **De minimis exception to passive loss rules (sec. 4103 of the House bill)**	Create a $200 de minimis exception to the rule disallowing net passive activity losses. The exception is only available for taxpayers with net passive activity losses totalling $200 or less. **Effective date.**--Taxable years beginning after December 31, 1991.	No provision.
4. **Permit payment of taxes by credit card (sec. 4104 of the House bill)**	Permits payment of taxes by credit card under certain circumstances. **Effective date.**--On date of enactment.	No provision.
5. **Simplified foreign tax credit limitation for individuals (sec. 4106 of the House bill and sec. 4104 of the Senate amendment)**	Allows individuals with no more than $200 of creditable foreign taxes, and no foreign source income other than passive income, to elect a simplified foreign tax credit limitation equal to the lesser of 25 percent of foreign source gross income or the amount of creditable foreign taxes paid or accrued during the taxable year. **Effective date.**--Taxable years beginning after December 31, 1991.	Same as House bill, except that married persons filing joint tax returns who have up to $400 of creditable foreign taxes may elect use of the simplified foreign tax credit limitation. **Effective date.**--Same as House bill.

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6. Expanded access to simplified income tax returns (sec. 4109 of the House bill and sec. 4106 of the Senate amendment)	Requires the Secretary of the Treasury to take such actions as may be appropriate to (1) expand access to simplified income tax forms, (2) otherwise simplify income tax returns. Also, requires that the Secretary submit a report to Congress on actions and recommendations under this provision. **Effective date.**--The report is due not later than one year after the date of enactment.	Same as House bill, except the provision specifically directs expanded access to Form 1040A for certain itemizers if appropriate. **Effective date.**--Same as the House bill.
7. Simplification of earned income credit (sec. 4101 of the House bill and sec. 4109 of the Senate amendment)	a. Repeals supplemental young child credit and supplemental health insurance credit components of the EITC. b. Increases basic EITC for taxpayers with 2 or more qualifying children. c. Requires State agencies to notify AFDC recipients with earnings about possible availability of EITC. **Effective date.**--Taxable years beginning after December 31, 1991.	Repeals interactions between the supplemental credit components of the EITC and the medical expense deduction, the health insurance deduction for self-employed taxpayers, and the dependent care credit. **Effective date.**--Same as the House bill.
8. Extension of the earned income tax credit to military personnel stationed overseas (sec. 4844 of the Senate amendment)	No provision.	a. Extends the earned income tax credit (EITC) to military personnel stationed overseas. For purposes of determining eligibility for the EITC, a member of the military stationed outside the United States on extended active duty would be considered as maintaining a household in the United States. b. Requires that military personnel receive annual reports of earned income (which includes amounts received as basic allowances for housing and subsistence). This increased information reporting is intended to allow military personnel claiming the EITC to more accurately determine their actual amount of earned income.

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		(Floor amendment for Senator Packwood, adopted by voice vote.) **Effective date**.-- Extension of the EITC to military personnel stationed overseas is effective for taxable years beginning after December 31, 1992. The increased information reporting applies to remuneration paid after December 31, 1992.

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B. Pension Simplification		
1. Distribution rules		
a. Eligible rollover distributions (secs. 4201-4202 of the House bill)	The House bill modifies the rollover rules by providing that any distribution may be rolled over other than (1) any distribution which is one of a series of substantially equal period payments made for the life (or life expectancy) of the employee or the joint life (or life expectancies) of the employee and the employee's designated beneficiary or for a specified period of 10 years or more, or (2) minimum required distributions. Only taxable amounts can be rolled over. (The provision in the House bill is substantially the same as a provision contained in the Unemployment Compensation Amendments Act of 1992, which was enacted after the passage of the House bill and before the adoption of the Senate amendment.) Effective date.--Taxable years beginning after December 31, 1992.	No provision.
b. Trustee-to-trustee transfers (sec. 4203 of the House bill)	The House bill requires that a plan give participants the option of having an eligible rollover distribution transferred directly to another plan or an IRA. Effective date.--Distributions in plan years beginning after December 31, 1992. (The provision in the House bill is substantially the same as a provision contained in the Unemployment Compensation Amendments Act of 1992, which was enacted after the passage of the House bill and before	No provision.

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	the adoption of the Senate amendment.)	
c. Minimum required distributions (sec. 4204 of the Senate amendment)	No provision.	Provides that the age 70-1/2 rule only applies to 5-percent owners. An actuarial adjustment is required for benefits of persons other than 5-percent owners who continue to work after age 70-1/2. Effective date.--Years beginning after December 31, 1993.
2. Increased access to pension plans (secs. 4211 and 4212 of the House bill and secs. 4211-4213 of the Senate amendment)		
a. Plans of small employers	No provision.	a. The Senate amendment provides that employers with 100 or fewer employees may maintain salary reduction SEPs, repeals the 50-percent participation requirement, provides that salary reduction SEPs may use the design-based safe harbors applicable to section 401(k) plans, and replaces the 3-out-of-5 years of service eligibility requirement with a one-year of service requirement. b. The Senate amendment establishes PRIME accounts. A PRIME account is an IRA with respect to which employees can make salary reduction contributions of up to $3,000 per year, with a required 100% employer match up to 3% of compensation. No nondiscrimination rules apply. PRIME accounts are subject to simplified reporting rules. Employers who normally employ fewer than 100 employees and who do not maintain a qualified pension plan or a SEP can establish

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		PRIME accounts for their employees. Employees who have completed at least one year of service and who are expected to work at least 1,200 hours during the year must be eligible to participate. All contributions are 100% vested. Additional early withdrawal penalties apply to preretirement distributions during the first 3 years of participation. Effective date.--Years beginning after December 31, 1993.
b. Repeal of limitation on ability of tax-exempt organizations to maintain sec. 401(k) plans	Permits tax-exempt employers to maintain section 401(k) plans.	The Senate amendment is the same as the House bill (including the effective date), except that the Senate amendment explanation clarifies that the provision applies to Indian tribes that are tax-exempt.
3. Nondiscrimination rules (secs. 4222 and 4223 of the House bill and secs. 4221-4224 of the Senate amendment)		
a. Simplified nondiscrimination test under a cash or deferred arrangement	a. Provides safe harbors under which a cash or deferred arrangement is treated as satisfying the nondiscrimination tests generally applicable to such plans.	a. Same as House bill.
b. Excess contributions under a cash or deferred arrangement	b. No provision.	b. Provides that excess contributions (under both secs. 401(k) and (m)) are allocated among highly compensated employees based on dollar amount of deferrals. Effective date.--Years beginning after December 31, 1993.

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c. Definition of highly compensated employee	c. (1) Generally restricts the class of persons who are highly compensated employees to 5% owners and persons with compensation in excess of $50,000 (indexed). (2) Whether someone exceeds the dollar limit is based both on current year and preceding year compensation. If someone exceeds the limit only in the current year, then they are highly compensated only if they are among the top 100 paid employees. (3) If no employee is highly compensated under the general rule, then the highest-paid employee is treated as highly compensated. This rule does not apply to any plan maintained by a tax-exempt organization which provides 100% vested benefits, covers a fair cross section of employees, and was in effect on Feb. 1, 1992. Effective date.--Years beginning after December 31, 1992.	c. (1) Generally restricts the class of persons who are highly compensated employees to 5% owners and persons with compensation in excess of $50,000 (indexed). (2) Whether someone exceeds the dollar limit is based only on the preceding year's compensation. (3) If no employee is highly compensated under the general rule, then the highest paid officer is teated as highly compensated. This rule does not apply for purposes of secs. 401(k) or (m) or in the case of tax-exempt or governmental employers. Effective date.--Years beginning after December 31, 1993. Employers can elect not to apply the provision in 1994.
d. Definition of compensation	d. No provision.	d. Permits employers to elect to define compensation as base pay. The election must apply to all employers of the employer and may be revoked only with the consent of the Secretary. Effective date.--Years beginning after December 31, 1993.
e. Minimum participation rule	e. No provision.	e. (1) Provides that sec. 401(a)(26) applies only to defined benefit plans. (2) Modifies sec. 401(a)(26) to require that a defined benefit plan benefit no fewer than the lesser of 25 employees or 40 percent of all

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		employees. If the employer has only 2 employees, any plan must cover both. (3) An employer can demonstrate it has a line of business for purposes of sec. 401(a)(26) even if the line of business does not have 50 employees. **Effective date.**--Years beginning after December 31, 1991. An employer may elect to have the modifications apply as if included in the Tax Reform Act of 1986.
4. Miscellaneous pension simplification (secs. 4221, 4227, 4229, 4230, 4233, and 4244 of the House bill and secs. 4231, 4232, 4235, 4237, 4240-4244, and 4246-4249 of the Senate amendment) **a. Modification to definition of leased employee**	a. Under the bill, an individual is not considered a leased employee unless the services are performed under any significant direction or control of the service recipient. **Effective date.**--Years beginning after December 31, 1992. In applying the leased employee rules to years beginning before such date, it is intended that the Secretary use a reasonable interpretation of the statute to apply the leasing rules to prevent abuse. The changes to the leasing rules do not apply to relationships which the IRS has previously ruled do not involve leased employees.	a. Under the Senate amendment, a person is not a leased employee unless the services are performed under the control of the recipient. The explanation of the provision states that it is not intended to be an expansion of the leased employee rules. **Effective date.**--Taxable years beginning after December 31, 1983.

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b. **In-service distributions from rural cooperative plans**	b. The provisions are the same except for the effective date. **Effective date**.--Distributions after the date of enactment.	b. The provisions are the same except for the effective date. **Effective date**.--Effective as if included in section 1011(k)(9) of the Technical and Miscellaneous Revenue Act of 1988.
c. **Vesting in multiemployer plans**	c. The bill repeals the Internal Revenue Code 10-year cliff vesting schedule for multiemployer plans and requires such plans to follow the vesting schedules applicable to single-employer plans. **Effective date**.--The provision applies 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 collective bargaining agreement pursuant to which the plan is maintained expires, or (2) January 1, 1995, with respect to participants with an hour of service after such date.	c. No provision.
d. **Treatment of deferred compensation plans of State and local governments and tax-exempt organizations**	d. (1) The bill permits in-service distributions of accounts that do not exceed $3,500 if no amount has been deferred under the plan with respect to the account for 2 years and there has been no prior distribution under this cash-out rule. (2) The bill permits an additional election to be made with respect to the time distributions must begin under the plan. (3) The bill provides for indexing of the dollar limit on deferrals. (4) No comparable provision.	d (1) No comparable provision. (2) No comparable provision. (3) No comparable provision. (4) The Senate amendment provides that someone who participates in both a sec. 457 plan

ITEM	HOUSE BILL	SENATE AMENDMENT
		and a sec. 401(k) or similar plan can contribute an aggregate amount equal to the sec. 401(k) limit to both plans. The dollar limit under sec. 457 plans is not changed.
	Effective date.--Taxable years beginning after the date of enactment.	Effective date.--Years beginning after December 31, 1992.
e. **Definition of employer reversion**	e. The bill provides that, for purposes of the reversion excise tax, an employer reversion does not include certain amounts paid to the Federal government by reason of certain government contracting regulations. Effective date.--Date of enactment.	e. No provision.
f. **Clarification of application of health care continuation rules to savings and loan associations**	f. The bill clarifies the application of the health care continuation rules to bridge banks and successors of failed institutions. Effective date.--The provision is effective as if included in section 451 of the Federal Deposit Insurance Corporation Improvement Act of 1991.	f. No provision.
g. **Half-year requirements**	g. No provision.	g. The Senate amendment changes age 70-1/2 to age 70, and age 59-1/2 to age 59. Effective date.--Years beginning after December 31, 1993.
h. **Full funding limitation of multiemployer plans**	h. No provision.	h. The Senate amendment amends the Code to provide that the 150 percent of current liability limitation does not apply to multiemployer plans. The bill repeals the Code annual valuation requirement for multiemployer plans. Effective date.--Years beginning after December

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		31, 1991.
i. Penalties for failure to file reports of pension and annuity payments	i. The House bill incorporates into the general penalty structure the penalties for failure to provide information reports to the IRS and to participants relating to pension payments. (This provision was inadvertently deleted from the statutory language of the House bill.)	i. The Senate amendment is substantially the same as the House bill. There are some drafting changes that are in the House bill (as contained in H.R. 4210 that are not in the Senate amendment.)
	Effective date.--Returns, reports, and other statements the due date for which (determined without regard to extensions) is after December 31, 1992.	Effective date.--Returns and statements required to be filed after December 31, 1992.
j. Contributions for disabled employees	j. No provision.	j. The Senate amendment provides that the special rule for contributions on behalf of disabled employees is applicable without an employer election and to highly compensated employees if the plan provides for the continuation of contributions on behalf of all disabled participants. Effective date.--Years beginning after December 31, 1992.
k. VEBA affiliation requirements	k. No provision.	k. The Senate amendment provides that otherwise unrelated employers are treated as affiliated and, therefore, can maintain a tax-exempt VEBA if the employers (1) are in the same line of business, (2) act jointly to perform tasks which are integral to the activities of each of the employers, (3) act jointly to such an extent that the joint maintenance of a VEBA is not a major part of the joint activities, and (4) a substantial number of the employers are tax exempt. Effective date.--The provision applies to years beginning before, on, or after the date of enactment. The provision is intended as a clarification of present law. However, it is not

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		intended to create any inference as to whether any part of the Treasury regulations affecting VEBAs, other than the affiliated employer rule, is or is not present law.
l. **Inclusion of union employees for coverage testing**	l. No provision.	l. The Senate amendment provides that employers may elect to take employees covered by a collective bargaining agreement into account in applying the coverage tests to a non-union plan (sec. 410(b)), in applying the general nondiscrimination rule to a non-union plan (sec. 401(a)(4)), and in determining separate lines of business (sec. 414) if the union employees benefit under the same plan on the same terms. Effective date.--Years beginning after December 31, 1992.
m. **Definition of retirement age**	m. No provision.	m. The Senate amendment provides that for purposes of the general nondiscrimination rule, the social security retirement age (as defined in sec. 415) is a uniform retirement age and that subsidized early retirement benefits and joint and survivor annuities based on an employee's social security retirement age (as so defined) are treated as being available to employees on the same terms. Effective date.--Years beginning after December 31, 1992.
n. **National commission on private pension plans**	n. No provision.	n. The provision establishes a national commission on private pension plans to study national retirement income policy.
o. **Church pension plans**	o. No provision.	o. The Senate amendment modifies the rules relating to church plans in the following areas:

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
		(1) vesting rules for sec. 401(a) plans, (2) failure of plans maintained by more than one employer to qualify, (3) definition of highly compensated employee, (4) disability distributions from sec. 403(b) plans, (5) participation of self-employed ministers in church plans, (6) sec. 401(h) accounts of church plans, (7) catch-up provisions for retirement income accounts, (8) forms of benefit under church plans (the "13th check"), and (9) definition of church plan for age 70-1/2 rule. Effective date.--Generally effective for years beginning on, after, or before December 31, 1991, except that the vesting provision is effective for years beginning after Dec. 31, 1993, the definition of disability change is effective for years beginning after Dec. 31, 1988, the sec. 401(h) provision is effective for years beginning after March 31, 1984, and the age 70-1/2 and the catch-up provisions relate back to the Tax Reform Act of 1986.
p. Date for adoption of plan amendments	p. No provision.	p. Any plan amendments required as a result of the Senate amendment are not required to be made before the beginning of the first day of the first plan year beginning on or after January 1, 1995. Effective date.--Date of enactment.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
C. Partnership Provisions		
1. General partnership provisions	Modifies the reporting of partnership items to partners of a large partnership.	Same as House bill, except as indicated below.
a. Simplified flow-through for large partnerships (secs. 4301 and 4305 of the House bill and the Senate amendment)	No provision.	a. New section 737 of the Code (sec. 3004 of the House bill and sec. 3013 of the Senate amendment) does not apply if the deferred sale rules apply.
	No provision.	b. Under the deferred sale rules, if contributed property that is distributed to the contributing partner consists of an interest in an entity, such interest is taken into account (in determining whether precontribution gain or loss is triggered) to the extent that its value is attributable to property contributed to the entity after such interest was contributed to the partnership.
	Effective date.--Partnership taxable years ending on or after December 31, 1992.	Effective date.--Partnership taxable years ending on or after December 31, 1993.
b. Simplified audit procedures for large partnerships (secs. 4302 and 4305 of the House bill and the Senate amendment)	Effective date.--Partnership taxable years ending on or after December 31, 1992.	Effective date.--Partnership taxable years ending on or after December 31, 1993.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
c. Due date for furnishing information to partners of large partnerships (secs. 4303 and 4305 of the House bill and the Senate amendment)	Effective date.--Partnership taxable years ending on or after December 31, 1992.	Effective date.--Partnership taxable years ending on or after December 31, 1993.
d. Returns may be required on magnetic media (secs. 4304 and 4305 of the House bill and the Senate amendment)	Effective date.--Partnership taxable years ending on or after December 31, 1992.	Effective date.--Partnership taxable years ending on or after December 31, 1993.
2. Partnership Proceedings Under TEFRA (secs. 4311-4322 of the House bill and the Senate amendment)	a. Modifies various aspects of the TEFRA audit procedures. b. The innocent spouse provision (sec. 4317) provides that a spouse must request that an assessment be abated within 60 days after the mailing of the notice and demand (or the notice of computational adjustment). Effective date.--Generally, partnership taxable years ending after date of enactment.	a. Same as House bill, except as indicated below. b. The innocent spouse provision provides that the request must be made within 60 days after the mailing of the notice of computational adjustment. Effective date.--Same as House bill, except that the partial settlement provision (sec. 4315) is effective for settlements entered into after date of enactment.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
D. Foreign Tax Provisions		
1. **Simplification of regimes providing exceptions to deferral of tax on income earned through foreign corporations (secs. 4401-4404 of both the House bill and the Senate amendment)**	a. Consolidates present-law regimes providing for deferral of tax on income earned through foreign corporations and exceptions to deferral.	a. Same as House bill, with two exceptions. The Senate amendment -- (1.) deletes the House bill's clarification with respect to the treatment of FSC income; and (2.) provides a netting rule for the application of the PFC definitional tests to the income and assets involved in "matched books" of offsetting sale and repurchase transactions in securities.
	b. No provision.	b. In addition, the Senate explanation requests a Treasury study of the tax treatment of various securities transactions for purposes of the PFC rules.
	Effective date.--Generally, taxable years of U.S. persons beginning after December 31, 1992, and taxable years of foreign corporations ending with or within such taxable years of U.S. persons.	Effective date.--Same as House bill.
2. **Treatment of controlled foreign corporations (secs. 4411-4414 of the House bill and secs. 4411-4413 of the Senate amendment)**	a. Contains numerous provisions intended to simplify the tax treatment of controlled foreign corporations and their shareholders including a provision that extends application of the indirect foreign tax credit to fourth-, fifth-, and sixth-tier controlled foreign corporations where the necessary ownership thresholds (as extended under the bill to these tiers) are satisfied.	a. The Senate amendment is generally the same as the House bill except that the Senate amendment does not include the provision extending the indirect foreign tax credit to taxes paid or accrued by certain fourth-, fifth-, and sixth-tier controlled foreign corporations.
	b. The explanation to the House bill contains a request for a study to be undertaken	b. No provision.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
	by the Treasury Department regarding the tax treatment of investments by controlled foreign corporations in obligations of U.S. persons other than corporations. A report on the study is to include Treasury's views as to whether present law rules regarding such investments should be amended, along with a discussion of the merits and consequences of any such amendment.	
3. **Translation of foreign taxes into U.S. dollar amounts (sec. 4421 of the House bill and Senate amendment)**	Contains provisions simplifying the rules for translating foreign tax payments into U.S. dollar amounts and for making redeterminations of foreign tax amounts in specified situations. Effective date.--Generally effective for taxes paid or accrued in taxable years beginning after December 31, 1991. With respect to taxes of an accrual-basis taxpayer that relate to a taxable year beginning before January 1, 1992, the return for which (if any) would not yet be due on date of enactment (taking into account extensions of time to file), the Treasury Secretary may, in appropriate circumstances, provide taxpayers with a reasonable average-rate method for translating such taxes that are not paid until after the effective date of the bill.	The Senate amendment is the same as the House bill, except for the effective date. Effective date.--Generally effective for taxes paid or accrued in taxable years beginning after December 31, 1991. The changes to the foreign tax redetermination rules apply to taxes which relate to taxable years beginning after December 31, 1991.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
E. Subchapter S Provision		
1. Certain trusts permitted to hold stock in S corporations (sec. 4505 of the Senate amendment)	No provision.	Allows stock in an S corporation to be held by certain trusts. In order to qualify for this treatment, all beneficiaries of the trust must be individuals or estates. No interest in the trust may be acquired by purchase. Trust must elect this treatment. The portion of the trust which consists of stock in one or more S corporations is taxed at the highest individual rate (currently 31 percent) on the portion of the trust's income relating to subchapter S items of income, loss, etc. Items attributable to this portion of the trust are not taxed to the trust beneficiaries. Items taken into account by the subchapter S portion of the trust are disregarded in computing tax liability on the remaining portion of the trust. Effective date.--Taxable years beginning after date of enactment.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
F. Accounting Provision		
1. Treatment of licensed cotton warehouses (sec. 1 of H.R. 5463 and sec. 4513 of the Senate amendment to H.R. 11)	No provision in H.R. 11. (However, sec. 1 of H.R. 5463 provides that operators of licensed cotton warehouses may elect to not accrue income from the performance of certain services until such amounts are received, provided an interest charge relating to the deferral of tax is paid in the year such income is recognized.) **Effective date (H.R. 5463).**--Amounts accrued in taxable years beginning after December 31, 1991.	Same as H.R. 5463.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
G. Tax-Exempt Bond Simplification Provisions		
1. Unrelated and disproportionate use limit (sec. 4634 of the House bill).	Repeals limit	No provision.
2. Small-issuer rebate exception (sec. 4635 of the House bill).	Increases annual issuance limit to $10 million.	No provision.
3. 150% of debt service limit (sec. 4636 of the House bill).	Repeals limit.	No provision.
4. Definition of investment-type property (sec. 4638 of the House bill).	Clarifies definition as applied to trade discounts.	No provision.
5. "Bank qualified" bonds (sec. 4524 of the Senate amendment)	No provision.	(a) Increases annual issuance limit to $25 million. (b) Allows pools to qualify as "bank qualified" in certain circumstances.
6. Qualified 501(c)(3) bonds (sec. 4525 of the Senate amendment).	No provision.	Recharacterizes qualified 501(c)(3) bonds and repeals $150 million per institution limit.
7. Tax-exempt interest reporting requirements (sec. 4526 of the Senate amendment).	No provision.	Repeals requirement.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
8. U.N. bonds (H.R. 5639, as passed by the House and sec. 4527 of the Senate amendment).	No provision, but H.R. 5639 allows certain bonds to be issued for U.N. offices.	Same as H.R. 5639.
9. Authority to waive yield restriction requirement (sec. 4529 of the Senate amendment).	No provision.	Authorizes Treasury to waive yield restriction requirement for certain bonds.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
H. Insurance Provisions		
1. Treatment of certain insurance contracts on retired lives (sec. 4641 of the House bill and sec. 4531 of the Senate amendment)	Treats certain contracts providing insurance on retired lives as variable contracts under section 817. A contract is so treated under the provision if amounts received under the contract are allocated to a segregated asset account, and amounts paid in or out under the contract reflect the investment return and market value of the assets in the segregated account. Effective date.--Contracts issued after December 31, 1991. A taxpayer may elect the application of the provision to contracts issued before January 1, 1992, in a taxable year for which the statute of limitations on assessment has not expired by the date of enactment.	Same as the House bill, except: Effective date.--Taxable years beginning after December 31, 1991.
2. Treatment of modified guaranteed contracts (sec. 4642 of the House bill and sec. 4532 of the Senate amendment)	a. Generally applies a mark-to-market regime for assets held as part of a segregated account under a modified guaranteed contract issued by a life insurance company. Gain or loss with respect to such assets is taken into account as of the last business day of the taxable year and is treated as ordinary. The reserve for a modified guaranteed contract is determined taking into account the market value adjustment on surrender of the contract. b. Regulatory authority is provided to the Treasury Department to carry out the purposes of the provision and to provide for the treatment of modified guaranteed contracts under sections 72, 7702 and 7702A.	a. Same as House bill, except that the definition of a modified guaranteed contract is clairied to require that reserves for the contract are valued at market for annual statement purposes. b. In addition to the regulatory authority provided in the House bill, regulatory authority is provided to the Treasury Department: (1) to determine the interest rates applicable under sections 807(c)(3) and 807(d)(2)(B) with respect to modified guaranteed contracts annually, calculating such rates as appropriate for modified guaranteed contracts and using a

ITEM	HOUSE BILL	SENATE AMENDMENT
	Effective date.--Taxable years beginning after December 31, 1991. The section 481(a) adjustments required by reason of the changes in method of accounting under the provision are taken into account as a single net adjustment for the taxpayer's first taxable year beginning after December 31, 1991.	method that approximates the yield on the assets underlying the contract; (2) to the extent appropriate for such a contract, to modify or waive section 811(d); and (3) to provide rules for limiting the ordinary income treatment provided under the provision to gain or loss on those assets properly taken into account in calculating the reserve for Federal tax purposes (and necessary to support such reserves) for modified guaranteed contracts, and to provide rules for limiting such treatment with respect to other assets (such as assets representing surplus of the company). **Effective date**.--Same as the House bill.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
I. Cooperative Provisions		
1. Discharge of indebtedness income from prepayment of REA loans (sec. 109 of HR 2735 and sec. 4541 of the Senate amendment)	No provision in HR 11. [However, HR 2735 as passed by the House provides that the 85-percent test of section 501(c)(12) would be determined without regard to cancellation of indebtedness income arising from the prepayment of REA loans under section 306B of the REA Act, as in effect on January 1, 1991.] Effective date.--Applicable to prepayments of REA loans made after December 31, 1992.	Same as HR 2735, except that (1) applies only with respect to prepayment of REA loans under section 306B(b) of the REA Act, and (2) certain additional conforming amendments are made to section 501(c)(12). Effective date.--Same as HR 2735.
2. Treatment of certain amounts received by telephone cooperatives (sec. 108 of HR 2735 and sec. 4542 of the Senate amendment)	Same as HR 2735, except that (1) applies only with respect to prepayment of REA loans No provision in HR 11. [However, HR 2735 amends section 501(c)(12) to provide that 50 percent of the income received by a telephone cooperative from a nonmember telephone company for performing communication services are treated as collected from members for the sole purpose of meeting the losses and expenses of the telephone cooperative. The remaining 50 percent is, as under present law, excluded from the 85-percent test under section 501(c)(12)(B)(i). The bill also excludes from the 85-percent test amounts received by a telephone cooperative from billing and collection services performed for another telephone company. In addition, the bill provides that telephone cooperatives will not lose their tax-exempt status under section 501(c)(12) if they earn certain investment "reserve income" in excess of 15 percent of their total income, but only if such reserve income (when added to other income not collected from members) does not exceed 35 percent of the cooperative's total income. Under the	Same as HR 2735.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
	provision, tax-exempt telephone cooperatives are subject to UBIT on such reserve income between the 15-percent and 35-percent range.] Effective date.--Amounts received or accrued after December 31, 1992.	 Effective date.--Same as HR 2735.
3. **Treatment of certain housing cooperatives (sec. 4543 of the Senate amendment).**	No provision in HR 11. [However, under HR 5650, interest earned by a cooperative housing corporation on its reasonable reserves will be treated as income derived from transactions with members for purposes of section 277(a), provided that the housing cooperative meets the requirements set forth in section 143(k)(9)(d)(i). Effective date.--The provision applies to taxable years beginning after the date of enactment.	The provision clarifies that section 277 does not apply to a "cooperative housing corporation". The provision, however, adopts a rule in subchapter T similar to section 277 that patronage losses of the corporation cannot offset earnings that are not patronage earnings. For this purpose, the provision treats the following items as "patronage earnings": (1) interest on reasonable reserves established in connection with the corporation, (2) rents from laundry and parking to the extent attributable to use of the facilities by tenant-stockholders and their guests, and (3) in the case of certain "limited equity cooperative housing corporations", rental income attributable to housing projects operated by such corporations. Effective date.--The provision applies to taxable years beginning after the date of enactment.
4. **Treatment of safe harbor leases of membership organizations (sec. 4544 of the Senate amendment).**	No provision.	Under the provision, interest income and rental expense from the sale and leaseback of property under a safe harbor lease are to be first netted and the difference allocated between members and nonmembers in proportion to the business done with each group. Effective date.--The provision applies to all taxable years beginning before, on, or after the date of enactment.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
J. Intangibles		
1. Amortization of goodwill and certain other intangibles (sec. 4501 of the House bill and sec. 4551 of the Senate amendment)	a. Provides straight line amortization of goodwill and other "amortizable section 197 intangibles" over 14 years.	a. Provides straight line amortization of goodwill and other "amortizable section 197 intangibles" over 16 years.
	b. Purchased mortgage servicing rights are included in the definition of "amortizable section 197 intangibles".	b. Purchased mortgage servicing rights (not acquired with a trade or business or substantial portion thereof) are excluded from the definition of "amortizable section 197 intangibles".
	c. Know-how and other technology generally are included in the definition of "amortizable section 197 intangibles".	c. At the election of the taxpayer, the acquisition of certain intangibles from a "qualified research entity" is subject to present law rather than the bill.
	d. The Treasury Department may issue regulations that apply present law rather than the bill to any right under a contract (or any right granted by a governmental entity) if the right has a fixed duration.	d. The Treasury Department may issue regulations that apply present law rather than the bill to any right under a contract (or any right granted by a governmental entity) if the right has a fixed duration of less than 16 years.
	e. No specific provision regarding fees for professional services, or transaction costs, in specified transactions	e. The bill does not apply to any fees for professional services, and any transaction costs, incurred by parties to a reorganization with respect to which any portion of the gain or loss is not recognized under part III of subchapter C. (Floor amendment by Senator McConnell, adopted by voice vote.)
	f. The bill generally applies to property acquired after the date of enactment. Taxpayers	f. The bill generally applies to property acquired after the date of enactment. Taxpayers

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
	may elect to apply the bill to property acquired after July 25, 1991.	may elect to apply the bill to property acquired after July 25, 1991. In addition, taxpayers may elect to settle the treatment of amortizable section 197 intangibles for all open taxable years generally by amortizing the 50 percent of the adjusted basis of such intangibles (using the amortization method and period originally claimed by the taxpayer). (Floor amendment by Senator Metzenbaum, adopted by voice vote, modified the Committee provision.)
	g. The Treasury Department is required to submit annual reports to the House Ways and Means Committee and the Senate Finance Committee on the implementation and effects of the intangibles legislation, including the effects of such legislation on merger and acquisition activity.	g. No requirement of annual reports.
2. Treatment of certain payments to retired or deceased partners (sec. 4502 of the House bill and sec. 4552 of the Senate amendment)	The provision of the House bill applies to partners retiring or dying on or after June 25, 1992, with an exception for binding written contracts in effect as of June 24, 1992.	The provision of the Senate amendment applies to partners retiring or dying on or after February 14, 1992, with an exception for binding written contracts in effect as of February 14, 1992.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
K. Other Simplification Provisions		
1. Repeal the short-short test for regulated investment companies (sec. 4621 of the House bill)	Repeals the short-short test for regulated investment companies. Effective date.--Taxable years ending after the date of enactment.	No provision.
2. Require brokers and mutual funds to report basis to customers (sec. 4622 of the House bill)	Requires brokers and mutual funds that are currently required to report gross proceeds on sales or exchanges of mutual fund shares to report basis and holding-period information. Effective date.--Mutual fund shares held in accounts opened on or after January 1, 1994.	No provision.
3. Permit a common trust fund to convert to a regulated investment company without taxation (sec. 4623 of the House bill and sec. 8208 of the Senate amendment)	Permits a common trust fund to transfer substantially all of its assets to one regulated investment company without gain or loss being recognized by the fund or its participants. Effective date.--Transfers after the date of enactment.	Same as the House bill, with a modification to the anti-diversifaction restriction (the sec. 368(a)(2)(F)(ii) restriction would apply without regard to the exclusion requirements of sec. 368(a)(2)(F)(iv) and without including Government securities as securities of an issuer for purposes of the 25 and 50 percent tests). Effective date.--Same as the House bill.
4. Permit a regulated investment company to convert to a common trust fund without taxation (sec. 8209 of the Senate amendment	No provision.	Permits a regulated investment company to transfer substantially all of its assets to one common trust fund without gain or loss being recognized by the company or its investors. Effective date.--Transfers after the date of

ITEM	HOUSE BILL	SENATE AMENDMENT
		enactment.
5. **Closing of partnership taxable year with respect to deceased partner (sec. 4651 of the House bill and sec. 4561 of the Senate amendment)**	Effective date.--Partnership taxable years beginning after December 31, 1991.	Effective date.--Partnership taxable years beginning after December 31, 1992.
6. **Treatment of built-in losses for purposes of the corporate AMT (sec. 4652 of the House bill and sec. 4562 of the Senate amendment)**	Repeals the built-in loss rule of the adjusted current earnings provision of the corporate alternative minimum tax. Effective date.--Changes of ownership occurring after the date of enactment.	Same as the House bill, except for the effective date. Effective date.--Changes of ownership occurring after December 31, 1991.
7. **Increase transfer to the Reforestation Trust Fund (sec. 4563 of the Senate amendment)**	No provision.	Increases from $30 million to $45 million the maximum amount that may be transferred to the Reforestation Trust Fund for any fiscal year. Provides that of the additional $15 million transferred, $14 million is allocated for qualifying expenditures in Oregon. Effective date.--Effective for transfers in fiscal year 1993 and thereafter.

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8. **Private foundation common investment fund (sec. 104 of H.R. 2735 and sec. 4564 of the Senate amendment)**	No provision in H.R. 11. (However, sec. 104 of H.R. 2735, as passed by the House on July 21, 1992, provides that a cooperative service organization that is organized and operated solely to collectively invest in stocks and securities on behalf of members that are tax-exempt private foundations or community foundations is treated as organized and operated exclusively for charitable purposes, provided that certain conditions are satisfied.) Effective date (H.R. 2735).--Taxable years beginning after December 31, 1992.	Same as H.R. 2735. Effective date.--Taxable years ending on or after December 31, 1992.
9. **Determinations of gas produced from qualifying sources under the nonconventional fuels production credit (sec. 4565 of the Senate amendment)**	No provision.	a. Requires the Secretary of Treasury to make determinations as required under the Code of whether gas is produced from geopressured brine, Devonian shale, coal seams, or from a tight formation, in the event that such determinations are not made by the Federal Energy Regulatory Commission in accordance with section 503 of the Natural Gas Policy Act of 1978 due to the expiration of that statute. b. Clarifies that for purposes of the nonconventional fuels production credit, the definitions of gas produced from geopressured brine, Devonian shale, coal seams, or from a tight formation are as established by the Federal Energy Regulatory Commission under the Natural Gas Policy Act of 1978 prior to repeal of provisions of that statute relating to such definitions. Effective date.--Effective for well determinations with respect to which no such determination is made by the Federal Energy Regulatory Commission as a result of the repeal of relevant provisions of the Natural Gas Policy Act of 1978.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
L. Estate and Gift Tax Provisions		
1. Income taxation of accumulation trusts (sec. 4607 of the Senate amendment)	No provision.	Amounts distributed by domestic trusts after December 31, 1992, are exempted from the "throwback rules." Also, precontribution gain on property sold by a domestic trust is no longer taxed at the contributor's marginal tax rates. The provision does not apply to a trust created before March 1, 1984, unless the taxpayer establishes that the trust would not have been aggregated with other trusts under section 643(f). Effective date. --The change in the throwback rules applies to taxable years beginning after December 31, 1992. The modification relating to precontribution gain applies to sales or exchanges after December 31, 1992.
2. Estate tax recapture from cash leases of specially valued property (sec. 123 of HR 2735 and sec. 4608 of the Senate amendment)	**No provision in H.R. 11.** [However, HR 2735 provides that the cash lease of specially valued real property by a qualified heir to his or her lineal descendant (or to the spouse of his or her lineal descendant) does not cause the qualified use of such property to cease for purposes of imposing the additional estate tax under section 2032A(c).] Effective date.--The provision is effective for cash rentals occurring after the date of enactment.	Same as HR 2735, except that (i) permissible lessees are expanded to include any "member of the decedent's family" (as defined in sec. 2032A(e)(2)), and (ii) any lessee must continue to operate the farm or closely held business in its qualified use during the term of the lease. Effective date.--The provision is effective for cash rentals after December 31, 1976.
3. Interest rate on intra-familial loans made in connection with land sales (sec. 4609 of the Senate amendment)	No provision.	The special six percent safe harbor rate under section 483(e) (which applies in determining, for income tax purposes, whether adequate stated interest exists in an installment sales contract between related parties) would also be applicable for transfer tax purposes. Accordingly, to the extent that the sales price for a sale between

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
		family members does not exceed $500,000, the applicable Federal rate for determining the amount of a gift from foregone interest on is a below market loan shall not exceed 6 percent, compounded semiannually. **Effective date**. --The provision applies with respect to interest accruing after July 31, 1993.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
M. Excise Tax Provisions		
1. **Small manufacturers exemption from firearms excise tax (sec. 4732 of the Senate amendment).**	No provision.	Exempts manufacturers or importers of fewer than 50 articles per year, for articles sold after December 31, 1983.
2. **Exemption for certain ferry transportation (H.R. 5661, as passed by the House and sec. 4734 of the Senate amendment)**	No provision in H.R. (H.R. 5661 exempts ferry transportation for voyages of less than 12 hours between a port in the U.S. and a port outside the U.S. if no more than 50 percent of passengers make return voyage, effective after December 31, 1989. No refunds of pre-enactment tax.)	Same as H.R. 5661, except if tax has been collected it is to be remitted.
3. **Application of aviation taxes to certain business aircraft (sec. 4735 of the Senate amendment).**	No provision.	Extends single corporation "trip by trip" rule for ticket tax/fuel tax determination to affiliated group corporate airplanes, effective on date of enactment.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
N. Compliance Provisions		
1. Simplification of employment taxes on domestic services (sec. 4901 of the House bill and sec. 4801 of the Senate amendment)	Simplifies treatment of employment taxes on domestic service employees.	Same as House bill, except adds authority for Treasury to issue regulations.
2. Simplify estimated tax payment rules for small corporations (sec. 4902 of the House bill) **Note: This provision was included in the table of contents of the House bill, but the underlying statutory language was omitted from the bill.**	Provide that a small corporation that did not have a tax liability in the prior year may use the 100 percent of last year's liability safe harbor available to other small corporations. As under present law, the provision will also apply to the first estimated tax payment of a large corporation. Effective date.--Estimated tax payments with respect to taxable years beginning after the date of enactment.	No provision.
3. Simplify rules regarding interest rate on large corporate underpayments (sec. 4903 of the House bill)	Provide that certain notices are disregarded for purposes of the large corporate underpayment rules. Effective date.--For purposes of determining interest for periods after December 31, 1990.	No provision.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
O. Employment Tax Status of Fishermen (sec. 4831 of the Senate amendment)	No provision. (However, sec. 121 of H.R. 2735 as passed by the House contains a provision that is the same as the Senate amendment except that it does not modify the reporting requirements.)	Modifies the exemption to the employment tax exemption for fishermen, and conforms the reporting requirements applicable to remuneration paid fishermen. Effective date.--Applies to remuneration paid on or after January 1, 1992. In addition, the provision applies to remuneration paid after December 31, 1984, and before January 1, 1993, unless the payor treated such remuneration when paid as being subject to wage withholding and employment taxes.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
P. Other Provisions		
1. Extension of authority for IRS undercover operations (sec. 4841 of the Senate amendment)	No provision.	Extends for three years IRS's current authority and provides for enhanced oversight. Effective date.--January 1, 1992 through August 31, 1995. (Floor amendment by Sen. Chafee (for Sen. Packwood), adopted by voice vote.)
2. Disclosure of returns on cash transactions (sec. 4842 of the Senate amendment)	No provision.	Extends permanently and expands the special disclosure rules for returns on cash transactions. Effective date.--Date of enactment. (Floor amendment by Sen. Chafee (for Sen. Packwood), adopted by voice vote.)
3. Authority to accept signature alternatives (sec. 4843 of the Senate amendment)	No provision.	Permits the IRS to provide for alternatives to the current requirement of a written signature on a tax return, statement, or other document on a trial basis for 1993 through 1997. Reports by IRS and GAO must be provided to the Congress before 1996. Effective date.--Date of enactment through December 31, 1997. (Floor amendment by Sen. Chafee (for Sen. Packwood), adopted by voice vote.)

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
4. Tax Treatment of certain combat pay.		
a. Increase combat pay exclusion for commissioned officers (sec. 4845(a) of the Senate amendment)	a. No provision.	a. In the case of commissioned officers, increase the exclusion from income for combat pay from $500 per month to $2,000 per month. For taxable years beginning after December 31, 1994, the $2,000 amount would be indexed for inflation. (Floor amendment by Sen. Chaffee (on behalf of Sen. Packwood), adopted by voice vote.) Effective date.--Effective for service in a combat zone after December 31, 1993.
b. Exclude military pay of Persian Gulf MIAs/POWs from gross income (sec. 4845(b) of the Senate amendment)	b. No provision.	b. Extend the exclusion from income for those individuals in missing status to members of the Armed Forces and civilian employees of the Federal Government in missing status as a result of the Persian Gulf conflict. (Floor amendment by Sen. Chaffee (on behalf of Sen. Packwood), adopted by voice vote.) Effective date.--Compensation for services performed on or after January 1, 1991.
c. Clarify tax treatment for service in Vietnam for purposes of combat pay exclusion (sec. 4845(c) of the Senate amendment)	c. No provision.	c. For purposes of the exclusion from income for combat pay, treat May 7, 1975, as the date of termination of combatant activities in the combat zone designated for purposes of the Vietnam conflict. No change is made to the exclusion from income for active service compensation for members of the Armed Forces and civilian employees of the Federal Government for any

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
		month during any part of which they are in "missing status" as a result of the Vietnam conflict. (Floor amendment by Sen. Chaffee (on behalf of Sen. Packwood), adopted by voice vote.) **Effective date**.--Effective as of the date of enactment.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
V. TAXPAYER BILL OF RIGHTS 2		
1. Establishment of position of Taxpayer Advocate within Internal Revenue Service (Sec. 5001 of House bill and Senate amendment)	The Taxpayer Advocate must be nominated by the President, with the advice and consent of the Senate.	The political appointment of the Taxpayer Advocate is deleted.
	The Taxpayer Advocate must submit two reports to Congress each year. The first report regarding objectives is due October 31 of each year; the second report regarding activities is due December 31 of each year.	Same as House bill, except the second report is due no later than June 30 of each year, rather than December 31.
	The first annual reports are due in 1992.	The first annual reports are due in 1993.
2. Expansion of authority to issue Taxpayer Assistance Orders (Sec. 5002 of House bill and Senate amendment)	Allows Taxpayer Advocate to "take any action" with respect to taxpayers who would suffer significant hardship as a result of IRS administration of tax laws.	Same as House bill, but adds words "as permitted by law" after "take any action."
3. Administrative review of denial of requests for, or termination of, installment agreements (Sec. 5102 of House bill and Senate amendment)	Requires IRS to establish additional procedures for administrative review of denials of requests for, or terminations of, installment agreements. The House Bill is effective on the date of enactment.	Same as House bill, except the effective date is January 1, 1993.

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4. **Suspension of failure to pay penalty during the period an installment agreement is in effect (Sec. 5103 of the House bill)**	Application of the failure to pay penalty is suspended with respect to taxpayers who have installment agreements in effect and are meeting the conditions of the agreements. Effective with respect to installment agreements entered into after the date of enactment.	No provision.
5. **Expansion of authority to abate interest (Sec. 5201 of House bill and Senate amendment)**	Permits IRS to abate interest with respect to managerial acts, as well as ministerial acts.	Permits IRS to abate interest with respect to any unreasonable error or delay by an IRS employee, but only with respect to "eligible taxpayers" (i.e., taxpayers who meet the net worth requirements referenced in section 7430(c)(4)(A)(iii)).
6. **Withdrawal of public notice of lien (Sec. 5401(a) of the House bill and Senate amendment)**	Allows the withdrawal of public notice of tax lien by the Secretary in certain instances, including (among other things) where "the withdrawal of the lien would be in the best interests of the taxpayer and the Government (with the consent of the taxpayer or the Taxpayer Advocate)."	Same as House bill, except that (i) best interests of the taxpayer would be determined by Taxpayer Advocate and (ii) a copy of the notice of withdrawal must be provided to the taxpayer.
	At taxpayer's request, IRS is required to make reasonable efforts to give notice of withdrawal of a lien to credit reporting agencies, as well as to financial institutions specified by the taxpayer.	Same as House bill, except that (i) creditors are also included as parties who can be specified by the taxpayer, and (ii) notices are only required to be sent to financial institutions and creditors if their addresses have been supplied by the taxpayer.
7. **Return of levied property (Sec. 5401(b) of the House bill and Senate amendment)**	Allows the return of levied property by the Secretary in certain instances, including (among other things) where "the return of such property would be in the best interests of the taxpayer and the Government (with the consent of the taxpayer or the Taxpayer Advocate)."	Same as House bill except that the determination whether the return of property would be in the best interests of the taxpayer is made by the Taxpayer Advocate.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
8. Modifications in certain levy exemption amounts (Sec. 5401(c) of the House bill and the Senate amendment)	Modifies certain levy exemption amounts and indexes them for inflation, commencing on January 1, 1994.	Same as House bill, except that indexing commences on January 1, 1993.
9. Modification of certain limits on recovery of civil damages for unauthorized collection activities (Sec. 5404 of the House bill and the Senate amendment)	Raises the cap on civil damages to $1 million with respect to reckless or intentional acts.	Same as House bill. In addition, a taxpayer is permitted to sue the United States for up to $100,000 of damages caused by an employee of the IRS who negligently disregards provisions of the Code or the Treasury regulations promulgated thereunder.
10. Civil damages for fraudulent filing of information returns (Sec. 5502 of the House bill and the Senate amendment)	Permits a person to sue for damages against a person who willfully files a false or fraudulent information return. Such an action must be brought within six years after the filing of the false or fraudulent information return.	Same as House bill, except that: (i) a copy of the complaint initiating the action must be provided to the IRS; (ii) the court must specify in its judgment what the correct amount that should have been reported on the information return should have been (if any); and (iii) an action seeking damages under this provision must be brought within four years after the filing of the false or fraudulent information return, or one year after discovery of the filing of the false or fraudulent information return, whichever is later.
11. Requirement to verify accuracy of information returns (Sec. 5503 of the House bill and the Senate amendment)	If a taxpayer asserts a reasonable dispute regarding an information return and has fully cooperated with the Secretary, the Secretary must present "reasonable evidence" of such deficiency in any court proceeding in addition to such information return.	Same as House bill, except that (i) the Secretary must present "reasonable and probative information" concerning the deficiency (rather than "reasonable evidence"), (ii) full cooperation is defined to include "providing within a reasonable period of time access to and inspection of all witnesses, information and documents within the control of the taxpayer as reasonably requested by the Secretary," and (iii) the citation to information returns is made more specific.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
12. Preliminary notice requirements (Sec. 5601 of the House bill and the Senate amendment)	The IRS must issue a notice to a "responsible person" with respect to unpaid trust fund taxes at least 60 days prior to issuing a notice and demand for penalty. The statute of limitations shall not expire before the date 60 days after the date on which such notice was mailed.	Same as House bill, except that the statute of limitations shall not expire before the date 90 days after the date on which the notice was mailed.
13. No penalty if prompt notification of IRS (Sec. 5602 of the House bill and the Senate amendment)	Responsible persons (except for significant owners or highly compensated employees) who notify IRS within ten days of failure to pay trust fund taxes are generally not liable for penalties.	Same as House bill except that: (i) the period for taxpayer notification is extended to 21 days, (ii) the Senate amendment does not exclude highly compensated employees, (iii) the provision does not apply if the failure to pay is part of a plan to defraud the Government, (iv) the provision applies only once to a taxpayer in that taxpayer's lifetime and once to a business in its existence, and (v) the provision could not operate in such a way as to eliminate all responsible persons from responsibility.
14. Board members of tax-exempt organizations (Sec. 5604(b) of the House bill and the Senate amendment)	Section 6672 "responsible person" penalties would generally not be imposed on honorary board members of tax-exempt organizations.	Same as House bill, except that, to be exempt, an honorary board member cannot have actual knowledge of the failure, and the provision could not operate in such a way as to eliminate all responsible persons from responsibility.
15. Prompt notification (Sec. 5604(c) of the House bill and the Senate amendment)	Within thirty days of becoming aware of a taxpayer's failure to deposit taxes, the Secretary would be required to notify the taxpayer of such failure.	Same as House bill, except that: (i) the notice requirement is limited to delinquent taxes "described under section 6672 of the Code" and (ii) notification must be within 30 days after the IRS' becoming aware of the failure to deposit taxes or thirty days after the return was filed reflecting the delinquency. The provision also requires that a taxpaying entity notified by the Secretary of a failure to pay such taxes must notify, within 15 days of such notification, all of its officers, general partners, trustees or other managers of the failure to make a timely and complete deposit.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
16. Motion for disclosure of information (Sec. 5701 of the House bill and the Senate amendment)	Once a taxpayer has substantially prevailed, he or she may file a motion requiring disclosure of relevant records within "a specified period of time."	Same as House bill, except the disclosure is required within "a reasonable period of time."
17. Personal Liability for IRS Employees (Sec. 5704 of the House bill)	Allows a court to impose damages against an IRS employee who acted arbitrarily, capriciously or maliciously.	No provision.
18. Relief from retroactive application of Treasury Department regulations (Sec. 5803 of the House bill and the Senate amendment)	In general, temporary and proposed regulations may not be effective earlier than the date they are published in the Federal Register and final regulations may not be effective earlier than the publication date of the temporary or proposed regulations to which they relate. The provision generally applies with respect to any temporary or proposed regulation published on or after February 20, 1992.	Same as House bill, except that: (i) regulations may take effect from the date any notice which substantially describes the regulation is issued to the public, (ii) the date of filing with the Federal Register, rather than the date of publication, is determinative, (iii) the provision shall not apply to any regulation issued within twelve months of the enactment date of the relevant statute, (iv) the provision shall not apply to regulations relating to internal Treasury Department policies, practices, or procedures, and (v) present law with respect to rulings is unchanged. The provision generally applies with respect to any temporary or proposed regulation published on or after July 28, 1992.
19. Unauthorized enticement of information disclosure (Sec. 5805 of the House bill and the Senate amendment)	Any information enticed from a professional regarding his or her clients by willfully deferring or forgiving his or her taxes may not be used in any manner in determining the client's tax liability.	Generally same as House bill, except that (i) the compromise must be intentional, not willful, (ii) the information must have been received for purposes of obtaining advice regarding the client's tax liability, and (iii) the information may not be used in any judicial proceeding (except to rebut a false representation). In addition, the taxpayer to whom such information pertains shall also be entitled to bring a civil action for damages against the United States in a district court of the United States. Upon a finding of liability, damages would equal the lesser of $500,000 or the sum of (i) actual economic damages sustained by the taxpayer as a proximate result of the information disclosure and (ii) the costs of the

ITEM	HOUSE BILL	SENATE AMENDMENT
		action. A taxpayer would not be able to sue for damages with respect to information conveyed to an attorney, certified public accountant or enrolled agent for the purpose of perpetrating a fraud or crime.
20. Improved procedures for notifying IRS of change of address or name (Sec. 5902 of the House bill and the Senate amendment)	Requires IRS to implement certain updating procedures by December 31, 1992.	Same as House bill, except that such updating procedures must be implemented by June 30, 1993.
21. Pilot program for appeal of enforcement actions (Sec. 5911 of the House bill and the Senate amendment)	Report regarding effectiveness of pilot program is due on December 31, 1992.	Report is due on June 30, 1993.
22. Study on taxpayers with special needs (Sec. 5912 of the House bill and the Senate amendment)	Study regarding taxpayers with special needs is due on December 31, 1992.	Study is due on June 30, 1993.
23. Reports on taxpayers' rights education program (Sec. 5913 of the House bill and the Senate amendment)	Report regarding scope and content of program is due on August 1, 1992, and report regarding effectiveness of program is due on December 31, 1992.	Report regarding scope and content of program is due on April 1, 1993, and report regarding effectiveness of program is due on June 30, 1993.
24. Biennial Reports on misconduct by IRS employees (Sec. 5914 of the House bill and the Senate amendment)	First report is due in December 1992.	Reports are due in June every two years, with the first report due in June 1993.
25. Study on notices of deficiency (Sec. 5915 of the House bill and the Senate amendment)	Study regarding notices of deficiency is due on December 31, 1992.	Study is due on June 30, 1993.

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26. Notice and form accuracy study (Sec. 5916 of the House bill and the Senate amendment)	The initial report is due on December 31, 1992.	The initial report is due on June 30, 1993.
27. IRS employees' suggestion study (Sec. 5917 of the House bill and the Senate amendment)	The report is due on December 31, 1992.	The report is due on June 30, 1993.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
VI. TECHNICAL CORRECTIONS		
A. Revenue Provisions		
1. General tax provisions	a. Technical corrections in the House bill, but not in the Senate amendment (page cites are to House bill): (1) sec. 6101(a)(7) p. 622 -- kiddie tax on lump sum distributions; (2) sec. 6101(a)(8) p. 622 -- correct head of household rate table for proper indexing; (3) sec. 6101(b)(7) p. 624-5 -- bond for wineries; (4) sec. 6101(b)(8) p. 625 -- correct cross reference; (5) sec. 6101(b)(9) p. 625 -- bond for wineries; (6) sec. 6101(b)(10) p. 625-6 -- Reg. authority to give credit to person who bore tax; (7) sec. 6101(e)(2)(C)(ii) p. 629 -- effect of energy preference on adjusted current earning; (8) sec. 6101(f)(12) p. 635 -- family member vs. object of bounty; (9) sec. 6101(g)(3) p. 637 -- prohibited transactions (technical correction inadvertently included in Senate amendment); (10) sec. 6101(h)(15) p. 642 -- correct cross reference; (11) sec. 6101(h)(16) p. 642 -- correct cross reference; (12) sec. 6101(h)(17) p. 642 -- correct cross reference; (13) sec. 6101(h)(18) p. 642 -- correct cross reference; (14) sec. 6101(h)(19) p. 642 -- deadwood; (15) sec. 6102(f) p. 645-8 -- miscellaneous foreign technicals: (a) sec. 6102(f)(1) p. 645-6 -- coordination	a. Technical corrections in the Senate amendment, but not in the House bill (page cites are to Senate Amendment): (1) sec. 6103(a) pp. 1527-34 -- pension technicals. (See item A.3. below.)

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	of estate tax unified credit and treaties; (b) sec. 6102(f)(2) p. 646 -- carryover of disallowed interest under earnings stripping rule; (c) sec. 6102(f)(3) p. 646-7 -- interest allocable to effectively connected income; (d) sec. 6102(f)(4) p. 647-8 -- correct cross-reference; (e) sec. 6102(f)(5) p. 648 -- deadwood; (16) sec. 6102(g) p. 648-9 -- Cleveland stadium bonds; (17) sec. 6102(h) p. 649-51 -- COBRA Medicare provisions; and (18) sec. 6102(k) p. 656-7 -- health insurance tax contribution base.	
	b. Technical corrections in both the House bill and the Senate amendment, but in different versions (cites are to the House bill): (1) sec. 6102(i) p. 651 -- REMIC residuals and alternative minimum tax. (2) sec. 6102(j) pp.652-57 -- Reemployment rights of members of the uniformed armed services. (See also item A.2., below.)	b. Technical corrections in both the House bill and the Senate amendment, but in different versions (cites are to the Senate amendment): (1) sec. 6102(e) pp. 1518-9 -- Senate amendment is a redraft of the House bill with a different effective date. (2) sec. 6103(b) pp. 1534-39 -- Reemployment rights of members of the uniformed armed services. (See also item A.2. below.)
2. **Conforming Amendments Relating to Pension Reemployment Rights of Members of the Uniformed Services (sec. 6102(j) of the House bill and Senate amendment)**	a. Provides conforming amendments to the Code to accommodate pension plan make-up contributions for reemployed members of the uniformed services required under the Uniformed Services Employment and Reemployment Rights Act of 1991 (H.R. 1578, passed by the House of Representatives on May 14, 1991; S. 1095, reported by the Senate Committee on Veterans' Affairs on November 7, 1991). b. No provision.	a. Generally same as the House bill. b. In addition, provides that limit on deductibility of pension contributions does not apply to

ITEM	HOUSE BILL	SENATE AMENDMENT
	Effective date.--Effective only if the pension make-up provisions under the Reemployment Rights Act are enacted in the 102nd Congress. In such case, the provision applies in cases in which the employee is reemployed on or after August 1, 1990.	required make-up contributions, and clarifies some provisions.
3. **Additional Pension Tax Technical Corrections: Rollover and Withholding on Nonperiodic Pension Distributions (sec. 6103 of the Senate amendment)**	No provision.	Clarifies that an eligible rollover distribution paid directly to an eligible retirement plan pursuant to section 401(a)(31) is considered to be a plan distribution followed by an immediate rollover (a "direct rollover"). Clarifies that a distribution that is one of a series of periodic payments scheduled to be made over the life (or joint lives) of the participant and his or her beneficiary, or over a specified period of 10 years or more, is not an eligible rollover distribution, even if the form of the distribution may be modified by the participant. Provides that a participant (or other distributee) is permitted to elect a direct rollover with respect to any portion of an eligible rollover distribution. Clarifies that the portion of any eligible rollover distribution that represents unrealized appreciation in employer securities generally is subject to the provision requiring the employer to offer the option of a direct rollover, even though the amount of the appreciation might not be currently taxable. Provides that the following plan distributions are not eligible rollover distributions: (1) hardship distributions of amounts attributable to elective deferrals under qualified cash-or-deferred arrangements or tax-deferred annuity plans; (2) withdrawals of elective deferrals that are qualified first-time homebuyer

or educational distributions exempt from the additional tax on early withdrawals; (3) corrective distributions of excess deferrals and contributions under qualified cash-or-deferred arrangements; (4) deemed distributions of loans described in section 72(p)(2) that are in default, and (5) certain dividends paid to a plan with respect to employer securities and distributed in cash to participants or their beneficiaries. In addition, the committee report provides that so-called "P.S. 58" costs for group term life insurance are not eligible rollover distributions. Because such distributions are not eligible rollover distributions, they cannot be rolled over, are not subject to the direct rollover requirement, and are not subject to 20-percent withholding.

Provides that other corrective or deemed distributions similar to those described in the preceding paragraph are not eligible rollover distributions to the extent they are specifically identified by the Secretary in regulations.

Conforms the rules for surviving spouses and alternate payees by providing that the Provides that the surviving spouse of an employee can roll over into either an IRA or another plan.

Provides a de minimis exception to the direct rollover and withholding requirements for distributions of $500 or less. Provides the same exception for any distribution to an alternate payee pursuant to a qualified domestic relations order (QDRO).

Provides that if the portion of any eligible distribution that is a minimum required distribution is de minimis in relation to the portion of such distribution that is not directly rolled over, withholding at a rate of 20 percent applies to the entire portion of the distribution

received by the participant. As under present law, such de minimis portion may not, however, be rolled over directly or by the participant to an eligible retirement plan. The committee report states that an amount will be considered de minimis in relation to the portion of the distribution paid to the participant if it represents no more than 10 percent of such portion.

Provides that a qualified defined benefit plan is an eligible retirement plan to which direct rollovers may be made, provided the plan permits the acceptance of such rollovers.

Provides that social security supplements will be disregarded for purposes of determining whether a distribution is one of a series of substantially equal periodic payments.

Clarifies that, in the case of a series of periodic payments, the requirement that a written explanation be provided to recipients of eligible rollover distributions is deemed satisfied if notice is provided within a reasonable period of time before the first payment of such series subject to the requirements of the Unemployment Act. Similarly, an election by a distributee to have distributions paid directly to an eligible retirement plan applies to all distributions after the election is made and before the election is revoked.

Makes a number of clarifying and drafting changes with respect to application of the rules applicable to sec. 403(b) annuities, including clarifying that rollovers from such annuities can only be made to another sec. 403(b) annuity and that the notice requirement applies to sec. 403(b) annuities. (Floor amendment by Sen. Bentsen, adopted by voice vote.)

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		Provides that the withholding and direct rollover requirements do not apply to any distribution which: (1) is one of a series of payments with respect to which the annuity starting date is before January 1, 1993, (2) is made before July 1, 1993, by reason of death, disability, or separation from service before January 1, 1993, or (3) is one of a series of payments with respect to which the annuity starting date is before July 1, 1993, by reason of death, disability, or separation from service before January 1, 1993. (Floor amendment by Sen. Bentsen, adopted by voice vote.) Provides that plan amendments to comply with the pension provisions under the Unemployment Act generally are not required to be made before the first plan year beginning on or after January 1, 1995, if (1) the plan is operated in accordance with the applicable provisions of the Act, (2) the plan is amended to comply with the required changes no later than the first day of the first plan year beginning after December 31, 1994, and (3) the amendment is retroactive to the effective date of the applicable provisions. Provides that the delayed effective date for the direct rollover and withholding provisions applicable to certain tax-sheltered annuity plans of State or local governments is extended to apply to qualified retirement plans and tax-sheltered annuity plans of State and local governments. Effective date.--The provisions are effective as if included in the Unemployment Compensation Amendments Act of 1992 (P.L. 102-318).

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
4. Application of harbor maintenance excise tax to Alaska-Hawaii ship passengers (sec. 6202_ of the Senate amendment)	. No provision.	Amends section 4462(b)(1)(D) to specify that the current cargo exemption for Alaska and Hawaii applies to passengers transported on U.S. flag vessels operated solely within State waters and adjacent international waters. **Effective date.**--As if included in section 1402(a) of the Harbor Maintenance Revenue Act of 1992 (P.L. 99-662) (April 1, 1987).

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
B. Tariff and Customs Provisions		
1. Clarification regarding the application of customs user fees (sec. 6222 of the House bill and sec. 6302 of the Senate amendment)	This provision clarifies that the MPF is to be applied only to the foreign value of the merchandise entered from a foreign trade zone.	Same as House bill, but it also provides that the provision made by section 111(b) (2) (D) (iv) of the 1990 Trade Act regarding the application of the MPF to processed agricultural products will also apply to all unliquidated entries from Foreign Trade Zones beginning December 1, 1986.
2. Technical amendment regarding certain beneficiary countries (sec. 6305 of the Senate amendment)	No provision.	Clarifies that such duty reductions do not apply to such articles made of textiles and subject to textile agreements.
3. Clarification of fees for certain customs services (sec. 6306 of the Senate amendment)	No provision.	The Senate amendment clarifies that Customs may provide daytime reimbursable services to centralized hub facilities during daytime hours. The provision also clarifies that Customs may be reimbursed for all services related to the determination to release cargo, and not just "inspectional" services. These services are reimbursable regardless of whether they are performed on site or not.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
VII. MISCELLANEOUS REVENUE PROVISIONS		
A. Provisions Relating to Contributions to Charities		
1. AMT relief for gifts of appreciated property (sec. 2201 of the House bill and sec. 9001 of the Senate amendment)		
a. AMT relief	a. Extension of AMT relief All charitable contributions of appreciated property made during 1992 and 1993 will not be treated as a tax preference item for AMT purposes. Effective date.--Contributions made during 1992 and 1993.	a. Repeal application of AMT to appreciated gifts Section 57(a)(6) is permanently repealed. (Floor amendment by Senator Moynihan, adopted by voice vote, modified the committee provision.) Effective date.--Contributions of tangible personal property made after 1991, and contributions of other property made after 1992.
b. Treasury report on advance valuation procedure	b. The Treasury Department is directed to report to Congress on the development of an advance valuation procedure for charitable contributions of tangible personal property. Effective date.--The report must be submitted to Congress not later than one year after enactment.	b. Same as House bill. Effective date.--Same as House bill.

ITEM	HOUSE BILL	SENATE AMENDMENT
c. Treasury study of sponsorship payments	c. The Treasury Department is directed to conduct a study on the tax treatment of sponsorship payments received by charitable and other tax-exempt organizations from sponsors in connection with athletic and cultural events. Effective date.--The results must be reported to Congress Within one year after enactment.	c. No provision.
2. Allocation and apportionment of deductions for charitable contributions (sec. 9002 of the Senate amendment)	No provision.	For purposes of computing the source of taxable income for the foreign tax credit limitation, taxpayers are permitted to allocate 40 percent of their charitable contribution deductions to gross income from U.S. sources. The remaining 60 percent of charitable contribution deductions must be apportioned ratably between U.S. source gross income and foreign source gross income. As under present law, all corporations included in an affiliated group are treated as a single corporation for purposes of the ratable apportionment of the residual 60 percent of charitable contribution deductions. Effective date.--Effective for charitable contributions made on or after January 1, 1994. (Floor amendment by Senator Moynihan, adopted by voice vote, modified the committee provision.)
3. Substantiation and information disclosure requirements for certain contributions (secs. 9003-9004 of the Senate amendment)	No provision.	Section 170 is amended to provide that no deduction is allowed under that section for any contribution of $100 or more unless the taxpayer has written substantiation from the donee of the contribution (and a good faith estimate of the value of any item given to the taxpayer in exchange for the contribution). In addition, in all quid pro quo contributions,

ITEM	HOUSE BILL	SENATE AMENDMENT
		charities are required to inform the donor that a charitable deduction may be claimed only to the extent that the contribution amount exceeds the value of the item given back to the donor. Certain de minimis goods or services given to the taxpayer may be disregarded. Penalties are provided for in cases where charities fail to make the required disclosure, unless due to reasonable cause. The Treasury Department is directed to prescribe regulations not later than July 1, 1993, to implement the substantiation and information disclosure provisions. (Floor amendment by Senator Moynihan, adopted by voice vote, modified the committee provision.) Effective date.--Contributions made on or after January 1, 1994.
4. **Corporate sponsorship payments received by tax-exempt organizations in connection with public events (sec. 1 of H.R. 5645 and sec. 9005 of the Senate amendment)**	No provision in H.R. 11. (However, sec. 1 of H.R. 5645, as passed by the House on July 28, 1992, provides that qualified sponsorship payments are excluded from the UBIT. The organizations eligible for the safe-harbor rule are described in paragraph (3), (4), (5), or (6) of section 501(c). The qualified sponsorship payment must be received in connection with a public event that (1) is substantially related to the exempt purpose of the organization, other than a sporting event, or (2) is the only event of that type conducted by the organization during the calendar year and such event does not exceed 30 consecutive days. A "qualified sponsorship payment" is defined as any payment made by a person engaged in a trade or business with respect to which the payor receives no substantial return benefit other than (1) use of the name or logo of the	Qualified sponsorship payments received by certain tax-exempt organizations are excluded from the UBIT. The organizations eligible for the safe-harbor rule are described in paragraph (3), (4), (5), or (6) of section 501(c). The qualified sponsorship payment must be received in connection with a public event with respect to which (1) substantially all of the activities of conducting such event are not subject to the UBIT, and (2) the net proceeds are used for a charitable purpose described in section 170(c)(2)(B). A "qualified sponsorship payment" is defined as any payment made by a person engaged in a trade or business with respect to which the payor receives no substantial return benefit other than use of the name or logo of the payor's business in connection with a qualified event (but not

ITEM	HOUSE BILL	SENATE AMENDMENT
	payor's business in connection with a qualified event, including advertising which acknowledges the payor's sponsorship or promotes its products or services, or (2) furnishing of facilities, services, or other privileges in connection with such event to individuals designated by the payor.) **Effective date (H.R. 5645)**.--Payments received in connection with events conducted after the date of enactment.	product advertising) or use by the payor of the organization's name or logo. (Floor amendment by Senator Nunn, adopted by voice vote, modified the committee provision.) **Effective date**.--Same as H.R. 5645.
5. Improved fundraising disclosure (secs. 7202-7203 of the House bill and sec. 9006 of the Senate amendment)	Organizations that do not have Federal tax-exempt status but describe themselves in an advertisement or solicitation as "nonprofit" are required to disclose in an express statement that they are not exempt from Federal income taxes. Penalties may be imposed for failure to comply with the disclosure rule, unless the failure was due to reasonable cause. In addition, organizations that are tax exempt for Federal income tax purposes are required to provide (upon request by an individual) a copy of the organization's application for tax-exempt status and annual information returns filed with the IRS during the previous three years. Such copies are required to be provided without charge, other than a reasonable fee for the cost of reproduction.	Section 501(c)(3) and 501(c)(4) organizations that, under present law must file annual information returns with the IRS (and make such returns available for public inspection), are required to advise each contributor of the availability of a disclosure statement and furnish such statement to each contributor (or potential contributor) who requests such statement. The statement must disclose the gross income, expenses, and exempt-purpose disbursements of the organization for the most recent taxable year, as well as the names and amount of compensation paid during the year to the five highest compensated individuals and any other individual whose compensation exceeds $100,000. The provision does not apply to religious organizations, educational organizations with regular campuses, medical organizations, and organizations the gross receipts of which in each taxable year are normally not more than $100,000.

ITEM	HOUSE BILL	SENATE AMENDMENT
		A penalty is imposed for failure to comply of $50 for each day during which such failure continues. (Floor amendment by Senator Warner, adopted by voice vote.)
	Effective date.--January 1, 1993	**Effective date**.--January 1, 1993.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
B. Foreign Provisions		
1. Pass-through treatment for certain dividends paid by a regulated investment company (sec. 9101 of the Senate amendment)	No Provision.	A RIC that earns certain interest income which would not be subject to U.S. tax if earned by a foreign person generally may, to the extent of such income, designate a dividend it pays as deriving from such interest income. A foreign person who is a shareholder in the RIC generally would treat such a dividend as exempt from gross-basis U.S. tax, just as if the foreign person had earned the interest directly. Similarly, a RIC that earns an excess of net short-term capital gains over net long-term capital losses, which excess would not be subject to U.S. tax if earned by a foreign person, generally may, to the extent of such excess, designate a dividend it pays as deriving from such excess. A foreign person who is a shareholder in the RIC generally would treat such a dividend as exempt from gross-basis U.S. tax, just as if the foreign person had realized the excess directly. As is true under current law for distributions from REITs, the amendment provides that any distribution by a RIC to a foreign person shall, to the extent attributable to gains from sales or exchanges by the RIC of an asset (for example, stock) that is considered a U.S. real property interest, be treated as gain recognized by the foreign person from the sale or exchange of a U.S. real property interest. As under current law in the case of a REIT, the RIC shall be required to deduct and withhold a tax equal to 34 percent of the amount of the dividend so treated. The amendment also extends the special rules for domestically-controlled REITs to domestically-controlled RICs. Effective date.--In general, dividends with

ITEM	HOUSE BILL	SENATE AMENDMENT
		respect to taxable years of regulated investment companies beginning after date of enactment. Amendments regarding the treatment of RICs with interests in U.S. real property interests take effect on date of enactment.
2. **Election not to apply 90-percent limitation on alternative minimum tax foreign tax credit (sec. 9102 of the Senate amendment)**	No provision.	Permits a domestic corporation to elect to be exempt from the 90-percent limitation on the utilization of the AMT foreign tax credit. Any corporation that does so elect, and any other domestic corporation that is related to the electing corporation, thereby foregoes the benefits of deferral with respect to the income of all controlled foreign corporations of which they are U.S. shareholders. Effective date.--Taxable years of domestic corporations beginning after December 31, 1992, and taxable years of controlled foreign corporations ending with or within such taxable years of domestic corporations.
3. **Income from investments by domestic gas and electric utilities in foreign gas and electric utilities (sec. 9103 of the Senate amendment)**	No Provision.	Certain U.S. affiliated groups predominantly engaged in regulated gas or electric utility operations may elect, for purposes of allocating interest to determine their foreign tax credit limitations, to treat their investments in the stock of certain foreign utility companies as if the U.S. affiliated group owned a proportionate share of the foreign utility's assets, and incurred a proportionate share of the foreign utility's interest expense. If the election is made, the U.S. affiliated group is taxable currently on its share of the earnings of certain foreign corporations in which it owns stock. Effective date.--Taxable years of domestic corporations beginning after December 31, 1992, and to taxable years of foreign corporations which end with or within such taxable years of

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		domestic corporations.
4. Commodities income of a controlled foreign corporation (sec. 9104 of the Senate amendment)	No provision.	Expands the exception from the definition of foreign personal holding company income for active business gains and losses from the sale of commodities by not taking into account any active business gains and losses from the sale of commodities by a controlled foreign corporation as an active producer, processor, merchant, or handler of commodities even when the active commodities operations of the controlled foreign corporation does not represent substantially all of its business. Effective date.--Effective for taxable years of foreign corporations beginning after December 31, 1992.
5. Treasury study on competitiveness (sec. 9105 of the Senate amendment)	No provision.	Provides for the Secretary of the Treasury to conduct a study of the tax issues relating to the maintenance and enhancement of the competitiveness of the American economy in light of changing economic policies in Europe and the increasing globalization of the world economy. Effective date.--Report to be made to the Senate Committee on Finance and the House Committee on Ways and Means by January 1, 1994.
6. Denial of deductions allocable to Cuban source income of a controlled foreign corporation (sec. 9223 of the Senate amendment)	No provision.	In determining the amount of income of a controlled foreign corporation that is to be treated as subpart F income by virtue of the application of section 901(j) to Cuba, disallow deductions for expenses allocable to Cuban source income. For this purpose, the definition of Cuban source income would include income from the sale of goods or services if the goods are ultimately delivered for use in Cuba or if the services are performed in Cuba, or any portion of the value of the goods sold was added in Cuba or

ITEM	HOUSE BILL	SENATE AMENDMENT
		if Cuban residents or citizens performed the services. (Floor amendment by Senator Graham, approved by voice vote.) **Effective date**.--Taxable years beginning after date of enactment.
7. Source of rental income from leases of certain aircraft (sec. 9240 of the Senate amendment)	No provision.	Treats all income attributable to the leasing of U.S. manufactured aircraft (excluding containers) directly or indirectly to, and for use by, a resident of the United States as income from sources within the United States. (Floor amendment by Senators Sasser, Riegle, Danforth. Adopted by voice vote.) **Effective date**.--Income derived from lease agreements entered into after July 1, 1993, in taxable years ending after such date.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
C. Other Excise Tax Provisions		
1. **Truck excise tax for certain nonprofit educational organizations (sec. 8210 of the Senate amendment)**	No provision.	Exempts sales by certain nonprofit educational organizations from the 12-percent excise tax on trucks and truck trailers. Effective date.--Date of enactment.
2. **Exemption from retail excise tax for trucks used to mix explosive chemicals (sec. 9228 of the Senate amendment)**	No provision.	Provides an exemption from the 12-percent retail excise tax for truck equipment used to mix explosive chemicals. The exemption applies only to equipment (e.g., mixing units) used to process, prepare, or load explosive products. (Floor Amendment by Senator Hatch, adopted by voice vote.) Effective date.-- Effective for retail sales of explosive handling equipment made after December 31, 1982.
3. **Expansion of wine spirits authorized for use in wine production (sec. 4722 of the Senate amendment)**	No provision.	Expands the definition of wine spirits to include alcohol produced from "whey." (Floor amendment by Senator Lautenberg, adopted by voice vote.) Effective date.--Date of enactment.
4. **Extension of period for credit or refund of certain overpayments of windfall profit tax on domestic crude oil (sec. 9243 of the Senate amendment)**	No provision.	Extends until one year after date of enactment the time for filing a claim for credit or refund of any overpayment of the windfall profit tax on domestic crude oil by the Wilkinson County School District, in the State of Mississippi, for any period ending before January 1, 1983.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
		(Floor amendment by Senator Cochran, adopted by voice vote.) **Effective date**.--Date of enactment.
5. **Application of harbor maintenance tax on ship passenger fares (sec. 9236 of the Senate amendment)**	No provision.	Amends the definition of "value" of ship passenger fares to specifically exclude (1) amount actually paid for pre- and post-cruise air or land transportation and (2) cost of separately-stated per-passenger taxes, fees or charges imposed by domestic or foreign governmental entities. (Floor amendment by Sen. Breaux adopted by voice vote.) **Effective date**.--Transportation beginning on or after November 1, 1992.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
D. User Fee Provisions		
1. Repeal of recreational boat user fee (sec. 13001 of the Senate amendment)	No provision in H.R. 11. (However, H.R. 2056 as passed by the House on May 13, 1992, provides for a phased repeal of the boat user fee, as follows: (1) for fiscal year 1993-- (a) vessels of more than 21 feet but less than 27 feet, a fee of not more than $35; (b) vessels of 27 feet to less than 40 feet, a fee of not more than $50; (c) vessels of 40 feet or more, a fee of not more than $100; (2) for fiscal year 1994-- (a) vessels of more than 37 feet but less than 40 feet, a fee of not more than $50; and (b) vessels of 40 feet or more, a fee of not more than $100; and (3) for fiscal year 1995--no fee.) Effective date.--October 1, 1992.	Except as indicated below, same phased repeal as in H.R. 2056. (Floor amendment by Sen. Breaux, adopted by voice vote.) (a) vessels of at least 37 feet but less than 40 feet, a fee of not more than $50 Effective date.--October 1, 1992.

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2. **Automated Tariff Filing and Information System and fee (sec. 13002 of the Senate amendment)**	No provision in H.R. 11. (However, H.R. 2056 as passed by the House on May 13, 1992, provides for implementation of an Automated Tariff Filing and Information (ATFI) System to require that water common carrier tariffs be filed electronically with the Federal Maritime Commission (FMC) and that a fee of 46 cents per minute be imposed on remote computer access to ATFI. Also, the Secretary of the Treasury is to make a repayable advance of $4 million to the FMC in fiscal year 1992, which is to be repaid (with interest) not later than September 30, 1995. Effective date.--New tariffs and essential terms of service contracts are to be filed electronically by June 1, 1992, and other tariffs and essential terms of service contracts are to be filed not later than September 1, 1992. The FMC fee applies for the period June 1, 1992-September 30, 1995.	The Senate amendment is the same as H.R. 2056, except that the electronic filing date is July 1, 1992 for new tariffs and new essential terms of service contracts; Also, the FMC fee is to be charged on July 1, 1992. (Floor amendment by Sen. Breaux, adopted by voice vote.) Effective date.--See above. (Note: The revenue estimate assumes an effective date of January 1, 1993.)

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
E. Other Revenue Provisions		
1. Expansion of education savings bond provisions (sec. 9201 of the Senate amendment)	No provision.	The definition of "qualified higher education expenses" under section 135 is expanded to include tuition and required fees paid by a taxpayer for the enrollment of attendance of <u>any</u> individual (not simply dependents) at an eligible educational institution. The amendment also repeals the present-law AGI phaseout limitation under section 135 (and the related rule requiring that bonds be issued to a person who is at least 24 years old). <u>Effective date</u>.--U.S. Series EE savings bonds issued after December 31, 1989, and redeemed after December 31, 1992.
2. Exclusion from gross income for amounts paid under a life insurance contract by reason of terminal illness (sec. 9202 of the Senate amendment)	No provision.	Extends exclusion for life insurance proceeds (sec. 101) to amounts paid or advanced to an individual if the insured under the life insurance contract is terminally ill. Eligibility for public assistance benefits not affected by right to receive accelerated death benefits. Also provides an exclusion in the case of amounts received from a qualified accelerated benefits corporation for the sale or assignment of a life insurance contract if the insured under the contract is terminally ill. (Floor amendment by Sen. Domenici, adopted by voice vote, modified the Committee provision.) <u>Effective dates</u>.--Generally effective for taxable years beginning after December 31, 1989. Provision excluding amounts received from certain sales or assignments applies to amounts

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		received after January 1, 1993. Provision treating riders as life insurance and not treating the issuance of a rider as a material change or modification effective for taxable years beginning before, on, or after December 31, 1989. Public assistance provision effective on January 1, 1990.
3. **Basis adjustment for disallowed losses on prior sales of principal residences (sec. 2 of H.R. 5638 and sec. 9203 of the Senate amendment)**	No provision in H.R. 11. However, sec. 2 of H.R. 5638, as passed by the House on July 27, 1992, provides that gains that would be recognized on the sale or exchange of a principal residence of a taxpayer are reduced (but not below zero) by the aggregate of the losses not previously taken into account that were sustained by the taxpayer on the sale or exchange of prior principal residences. **Effective date** (H.R. 5638).--Losses on sales or exchanges of old residences after date of enactment, for determining recognized gain on principal residences sold or exchanged after December 31, 1993.	Allows a taxpayer who suffers a loss upon the sale of a principal residence and who purchases a new principal residence within the replacement period of Code section 1034 to increase the basis of the replacement residence by the amount of unrecognized loss on the sale of the old residence. **Effective date**.--Same as sec. 2 of H.R. 5638.
4. **Prohibition of State "source tax" on periodic pension distributions (sec. 9204 of the Senate amendment)**	No provision.	Prohibits a State from imposing income tax on certain periodic pension distributions from a tax-qualified plan made to any individual who is no longer a resident or domiciliary of the State. In addition, an individual who has attained age 59-1/2 can make a one-time election to exempt nonperiodic pension distributions to the extent they do not exceed $25,000 (indexed) in a taxable year. **Effective date**.--Taxable years beginning after date of enactment.

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5. **Tax treatment of veterans' benefits (sec. 9206 of the Senate amendment)**	No provision.	Benefits administered by the Secretary of Veterans' Affairs are excludable from income. Effective date.--Years beginning after December 31, 1984.
6. **Treatment of cancellation of certain student loans (sec. 110 of H.R. 2735 and sec. 9211 of the Senate amendment)**	No provision in H.R. 11. (However, sec. 110 of H.R. 2735, as passed by the House on July 21, 1992, provides that present-law section 108(f) is expanded so that an individual's gross income does not include discharge-of-indebtedness income from the cancellation of a loan made by an educational organization to assist the individual in attending the organization, provided that the loan was made pursuant to a program designed to encourage students to serve in occupations or geographic areas with unmet needs, and provided that funds for the discharge are not directly (or indirectly) provided by the student's employer.) Effective date.-- (H.R. 2735).--Discharges of indebtedness after the date of enactment.	Same as H.R. 2735, except the Senate amendment also provides tax-free treatment for discharges of student loans by a State which had no accredited professional schools for the study of law or medicine on the date the loan was made, if the individual resided for a certain period of time in the State after completion of the individual's attendance at the educational organization with respect to which the loan was made. (Floor amendment by Senator Stevens, adopted by voice vote, modified the committee provision.) Effective date.--Same as H.R. 2735, except the effective date is discharges of indebtedness made on or after January 1, 1987, for cases where the discharge is by a State without an accredited law or medical school and where the student must meet a residency requirement.
7. **Mt. Rushmore Commemorative Coin Act surcharge revenues (sec. 9212 of the Senate amendment)**	No provision.	The Treasury is to pay to the Mt. Rushmore National Memorial Society during fiscal year 1993 an amount (CBO estimates $6 million) from the Coin Act's surcharge revenues necessary to comply with the amendment's directive to pay the Society $18,750,000.

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8. Treatment of fringe benefits of airline affiliate employees (sec. 9213 of the Senate amendment)	No provision.	The definition of "qualified affiliate" for purposes of the no-additional-cost service fringe benefit provisions is amended to include any entity that is at least 80 percent owned by one or more companies that operate an airline. Effective date.--Years beginning after December 31, 1992.
9. Allow certain investment expenses to be deducted for AMT purposes (sec. 107 of H.R. 2735 and sec. 9214 of the Senate amendment to H.R. 11)	No provision in H.R. 11. (However, sec. 107 of H.R. 2735 as passed by the House, allows section 212 expenses from partnerships to be deducted for purposes of the individual AMT to the extent of the lesser of: (1) adjusted investment income from partnerships or (2) a 2 percent AGI floor.) Effective date.--Taxable years beginning after 1992.	Same as H.R. 2735.
10. Deduction for unpaid child support (sec. 9215 of the Senate amendment)	No provision.	Certain taxpayers who are owed past-due child support payments of at least $500 are allowed to claim a bad-debt deduction. The deduction claimed may not exceed $5,000 per child per year, and is not available to a taxpayer whose adjusted gross income (AGI) exceeds $50,000. The deduction is allowed in determining AGI (above-the-line), regardless of whether the taxpayer claims the standard deduction.

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		In addition, the Senate amendment requires the inclusion of the amount of unpaid child support payments in the gross income of the delinquent parent by reason of discharge of indebtedness. If the child support payment is made after the deduction is taken, the taxpayer claiming such deduction is required to include the payment in gross income for the taxable year in which the payment is received, and the taxpayer making the subsequent payment is entitled to a deduction for that taxable year. Effective date.--Taxable years beginning after December 31, 1992.
11. Treatment of certain residual-market insurance companies under the alternative minimum tax (sec. 9216 of the Senate amendment)	No provision in H. R. 11. (The Senate amendment is the same as H.R. 5646, as reported by the Ways and Means Committee.)	Provides that an insurance company created by a State or an instrumentality thereof and operated on a not-for-profit basis exclusively to provide coverage to persons for high-risk needs where coverage is not otherwise available or affordable may use its alternative tax net operating loss deduction to offset 100 percent (rather than 90 percent) of alternative minimum taxable income. Effective date.--Taxable years ending after the date of enactment.
12. Treatment of certain gains and losses from certain dispositions by cooperatives (HR 5650 and sec. 9217 of the Senate Amendment	No provision in HR 11. [However, under H.R. 5650 as passed by the House, a cooperative (to which part I of subchapter T applies) may elect to include gain or loss on the sale or other disposition of certain assets as ordinary income or loss and to include such gain or loss in the determination of net earnings done with or for patrons. Assets to which provision applies.--The provision applies to any asset (including stock or any other ownership or financial interest in another entity), or portion thereof, which is used	Same as H.R. 5650, except that: (1) the Senate amendment only applies to "farmer cooperatives", (2) the Senate amendment does not provide an election to treat such gains or losses as ordinary income, and (3) the Senate amendment provides that section 1231 shall be applied separately to patronage gains and losses and nonpatronage gains and losses.

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	by the cooperative to facilitate the conduct of business done with, or for, its patrons. Where an asset was not used exclusively to facilitate the conduct of business done with, or for, the farmer cooperative's patrons, the provision applies only to the extent that the asset was used to facilitate the conduct of business with, or for, its patrons. The method of allocating the usage of the asset between patronage and non-patronage operations may be determined by any reasonable method. Rules applicable to election.--An election made under this provision applies to all sales (or other dispositions) of patronage assets during the taxable year for which the election is made and all subsequent taxable years, until revoked by the farmer cooperative. Following a revocation of its election and absent the consent of the Treasury Department, a cooperative shall not be eligible to re-elect patronage treatment until the third taxable year following the taxable year for which the revocation is effective. A revocation is effective upon the filing of notice with the Treasury Department.] Effective date.--The provision is effective for sales or other dispositions of property occurring in taxable years beginning after the date of enactment.	Effective date. --Same as House bill.
13. **Alaska Native Corporation standing with regard to sale of net operating losses (sec. 9219 of the Senate amendment)**	No provision	An Alaska Native Corporation (ANC) may obtain standing to litigate issues relating to the amount of losses available to a buyer corporation under the loss transfer provisions of the Tax Reform Acts of 1984 and 1986, if both parties elect in accordance with the terms of the provision. The rate of interest under section 6621 on any underpayment in a case for which an election

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		is made shall be increased by by one-half of a percentage point. Thus, the basic rate of interest shall be the Federal Short-term rate plus 3.5 percent. (Floor amendment by Senator Stevens, adopted by voice vote.) **Effective date**.--The election must be made not later than 120 days after the date of enactment. The provision is effective for all taxable years for which the statute of limitations for assessment with respect to an electing ANC has not expired prior to the date of enactment. An ANC for which such statue of limitations would expire earlier may extend such statute to a date not less than 120 days after the date of enactment.
14. Increase the threshold for withholding on gambling winnings (sec. 9226 of the Senate amendment)	No provision.	Increase the threshold for withholding on gambling winnings from $1,000 to $5,000. The additional requirement that the odds on the wager be at least 300-to-1 would apply to the same extent as under current law. (Floor amendment by Sen. Ford, adopted by voice vote.) **Effective date**.--Payments made after December 31, 1992.
15. Change in the treatment of involuntary conversions for principal residences in Presidentially declared disaster areas (H.R. 5640 and sec. 9227 of the Senate amendment)	No provision in H.R. 11. However, H.R. 5640, as passed by the House on July 27, 1992, provides the following: a. Expand the deferral of gain under Code section 1033 for principal residences and their contents that were involuntarily converted because of Presidentially declared disaster. No gain shall be recognized by reason of the receipt of insurance proceeds for unscheduled personal property that was part of the contents of such	Same as H.R. 5640. (Floor amendment by Sen. Simpson (on behalf of Sen. Seymour), adopted by voice vote.)

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	residence. In the case of any other insurance proceeds for such residence or its contents, the proceeds may be treated as a common pool of funds. If such pool of funds is used to purchase any property similar in use to the converted residence (or its contents), the taxpayer may elect to recognize gain only to the extent that the amount of the pool of funds exceeds the cost of the replacement property. b. Extend the replacement period from 2 to 4 years. **Effective date** (H.R. 5640).--Disasters for which the Presidential determination is made on or after September 1, 1991, and taxable years ending on or after that date.	**Effective date**.--Same as H.R. 5640.
16. Elective deferral of income for crops grown in qualified disaster areas (sec. 9231 of the Senate amendment)	No provision.	Allows a farmer who sells crops grown in a qualified disaster area (generally an area designated by the President as warranting assistance by reason of Hurricane Andrew, Hurricane Iniki, or Typhoon Omar) to elect to include the income derived from the sale of such crops for the taxable year following the taxable year in which the sale occurs. (Floor amendment by Senator Mack, adopted by voice vote.) **Effective date**.--Taxable years ending after December 31, 1991.
17. Contributions in aid of construction to water or sewage utilities (sec. 9222 of the Senate amendment)	No provision.	Excludes from gross income any contribution in aid of construction that is made to regulated public utility if the contribution is used to provide water or sewage disposal services to customers. (Floor amendment by Sen. Reid, adopted by voice vote.) **Effective date.**--Amounts received after the date

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		of enactment of the bill.
18. Modify definition of applicable high-yield original issue discount obligation (sec. 2 of H.R. 5650 and sec. 9226 of the Senate amendment)	No provision in H.R. 11. (However, sec. 2 of H.R. 5650, as passed by the House, provides that the definition of applicable high-yield original issue discount obligation is amended to apply to debt instruments that have a term greater than 4 years (rather than a term greater than 5 years as under present law.) Effective date (H.R. 5650).--Debt instruments issued after the date of enactment.	Same as provision in H.R. 5650. (Floor amendment by Sen. Ford, adopted by voice vote.)
19. Treatment of certain costs of private foundation in removing hazardous substances (sec. 1 of H.R. 5644 and sec. 9225 of the Senate amendment)	No provision in H.R. 11. (However, sec. 1 of H.R. 5644, as passed by the House on August 3, 1992, provides that the distributable amount of a private foundation for purposes of section 4942 is reduced by any amounts paid or incurred (or permanently set aside) for (1) investigatory costs, (2) direct costs of removal, and (3) costs of remedial action with respect to a hazardous substance released at certain facilities which were owned or operated by the private foundation.) Effective date.-- (H.R. 5644).--Taxable years beginning after the date of enactment.	Same as H.R. 5644. (Floor amendment by Senator Ford and Senator McConnell, adopted by voice vote.) Effective date.--Same as H.R. 5644.
20. Exclusion from gross income for certain Federal foster care payments (sec. 9234 of the Senate amendment)	No provision.	Codifies that certain Federal foster care payments are not included in the gross income of the foster care provider. (Floor amendment by Senator Levin, adopted by voice vote.) Effective Date.--Effective for payments made on or after the date of enactment.

ITEM	*HOUSE BILL*	*SENATE AMENDMENT*
21. Expansion of qualified scholarships to cover room, board, and travel (sec. 9229 of the Senate amendment)	No provision.	The definition of tax-free "qualified scholarships" under present-law section 117 is expanded to cover expenses for room, board, and travel required for attendance at an educational organization. (Floor amendment by Senator Lott, adopted by voice vote.) **Effective date**.--Amounts received after December 31, 1992.
22. Accounting for charges by real estate reporting persons for costs of complying with reporting requirements of Code section 6045 (sec. 9237 of the Senate amendment)	No provision.	Clarify that real estate reporting persons may take into account the cost of complying with reporting requirements of Code sec. 6045 in establishing charges for their services, so long as a separate charge for such costs is not made. (Floor amendment by Sen. Bentsen (on behalf of Sen. Specter and others), adopted by voice vote.) **Effective date**.--Real estate transactions closing after date of enactment.
23. Prohibition against transfers of tax benefits and liabilities between savings and loan holding companies and savings associations (sec. 9232 of the Senate amendment)	No provision in H.R. 11.	Amends the Homeowners Loan Act of Federal banking law to provide that a savings association that joins in the filing of a consolidated income tax return (1) shall be reimbursed in cash by its holding company for any tax loss that produces a tax benefit through the filing of the consolidated tax return, and (2) shall not transfer to the holding company an amount for the payment of taxes that is more than the amount of taxes the association would have paid had it filed on a separate return basis. The amendment also provides rules regarding the timing of such reimbursements and payments. In addition, any tax allocation agreement between a holding company and a savings association shall be consistent with the above provisions. (Floor amendment by Senator Metzenbaum, adopted by

ITEM	HOUSE BILL	SENATE AMENDMENT
		voice vote.) Effective date.--Applies to tax payments and refunds of Federal taxes for taxable years ending after September 30, 1990. Does not apply to any tax benefit if the allocation and payment of such tax benefit, are made pursuant to, or are governed by, an arrangement that is part of a written contract with the savings association, or its holding company, that is expressly approved in writing by the applicable supervisory authority or deposit insurer, but only if: (1) the contract was entered into before October 1, 1990; (2) the contract remains in effect at the time of the allocation in question; and (3) a portion of such approved tax benefit is allocated for the benefit of the FSLIC Resolution Funds. (This exception was provided pursuant to a secondary amendment by Senator Dole to the Metzenbaum amendment.)
24. IRA rollovers of military separation pay (sec. 9218 of the Senate amendment)	No provision.	Provides that military separation pay can be rolled over tax free to an IRA as if it were a distribution from a qualified plan. The maximum amount that can be rolled over is $25,000. (Senate floor amendment by Senator Murkowski, adopted by voice vote.) Effective date.--Pay received after December 5, 1991. In the case of any payment received after the effective date but before the date of enactment, the 60-day rollover period is treated as met if the rollover is made within one year of the date of enactment.

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25. Unrelated business income tax treatment of mailing lists (sec. 3 of H.R. 5645 and sec. 9238 of the Senate amendment)	No provision in H.R. 11. (However, sec. 3 of H.R. 5645, as passed by the House on July 28, 1992, provides that gross income subject to UBIT includes any amount received by a tax-exempt organization from the sale, exchange, lease, rental, or other grant of (1) the right to use the name or logo of the organization on a credit or debit card, or (2) the right to use a list of members, customers, or contributors in connection with the issuance of credit or debit cards. The provision does not apply to credit unions exempt from tax under section 501(c)(14).) **Effective date**.-- (H.R. 5645).--Amounts received or accrued after July 9, 1992.	Tax-exempt charities, certain veterans groups, and social welfare organizations described in section 501(c)(4) are allowed to exclude from gross income subject to UBIT income from (1) exchanging names and addresses of donors to (or members of) such organization with any other person, or (2) renting such names and addresses to any other person, but only if the aggregate income from such rental does not exceed 10 percent of the organization's gross revenue for the taxable year. (Floor amendment by Senator Chafee (for Senator Packwood), adopted by voice vote.) **Effective date**.--Exchanges and rentals of member lists before, on, or after the date of enactment.
26. Modification of 1988 technical correction relating to Charleston, South Carolina bonds. (sec. 6102 of the Senate amendment).	No provision.	Allows issuers to elect the application of a 1986 Tax Reform Act provision involving deductibility of bank carrying costs if bonds were originally marketed as bank qualified and were issued before March 1988. (Floor amendment by Senators Hollings and Thurmond, adopted by voice vote.)

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F. Other Studies and Reports		
1. Treasury study of recovery period for depreciation of semi-conductor manufacturing equipment (sec. 111 of H.R. 2735 and sec. 9207 of the Senate amendment to H.R. 11)	No provision in H.R. 11. (However, sec. 111 of H.R. 2735 as passed by the House, requires the Treasury Department to study the appropriate recovery period and class life for semi-conductor manufacturing equipment and submit the study to Congress by April 1, 1993.) Effective date (H.R. 2735).--Date of enactment.	Same as H.R. 2735.
2. Treasury study of travel expenses of loggers (sec. 9235 of the Senate amendment)	No provision.	Requires the Secretary of the Treasury to conduct a study (including recommendations) with respect to the deductibility of the travel expenses of an individual who is in the trade or business of cutting and skidding timber. (Floor amendment by Sen. Bentsen (for Sen. Daschle), adopted by a voice vote.) Effective date.--The report is due by July 1, 1993.
3. Congressional Budget Office study on municipal bond funds (sec. 9242 of the Senate amendment)	No provision.	Provides for the Congressional Budget Office to conduct a study of those municipal bond pools currently operating. In particular, the study is to compile statistics on the types of capital projects financed, the Federal, State, and local budgetary impacts, and need, if any, to increase the bonding authority permitted to these pools under the Tax Reform Act of 1986.

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		(Floor amendment by Senator Bentsen for Senator Sasser, adopted by voice vote.) Effective date.--Report to be made to the Senate Committee on Finance and the Senate Budget Committee by December 31, 1992.
4. Treasury study on Japanese capital and securities markets (secs. 11001-11004 of the Senate amendment)	No provision.No provision.	Requires the Secretary of the Treasury to conduct a study of Japanese capital and securities markets and to assess the implications of the findings on United States capital and securities markets and for the conduct of domestic macroeconomic policy. (Floor amendment by Senator Daschle, adopted by voice vote.)
5. Require annual report on Federal financial (sec. 9220 of the Senate amendment)		Effective date.--Report to be made to the Congress not later than one year after the date of enactment.Require an annual financial report for the Federal government to be prepared by the Office of Management and Budget (OMB) and to be distributed to the public by the Secretary of Treasury. The report would include information on the most recent 5-year trends in receipts, expenditures, assets, liabilities, and public debt. The report would be available to any taxpayer who requested a copy. Instructions for obtaining a copy of this report would be required to be included in the annual income tax forms distributed to individual taxpayers. The Secretary of Treasury would be allowed to impose fees to cover costs of processing these requests). The amendment also would authorize an additional $10 million for 1993 for Treasury and OMB, subject to future appropriations. (Floor Amendment by Senator Conrad, adopted by voice vote.) Effective date.-- Effective on date of enactment.

	Item	House Bill	Senate Amendment
1.	CBI treatment of footwear and leather-related products (sec. 6307 of the Senate amendment)	No provision.	Excludes footwear and leather-related products from the duty-free treatment provided under the Caribbean Basin Economic Recovery Expansion Act of 1990 for products made wholly of U.S.-origin materials or components. Effective date.--The provision is retroactive to October 1, 1990.
2.	Special rule regarding circumvention of certain antidumping orders (sec. 9241 of the Senate amendment)	No provision.	Provides a special rule for considering whether an antidumping duty order issued against imports of portable electric typewriters and word processors from Japan is being circumvented. Under the special rule, the Commerce Department would be given the authority to expand the current order to address the circumvention that has occurred with respect to this order, if certain conditions are met.
3.	Western Hemisphere Trade Center (sec. 9244 of the Senate amendment)	No provision.	Authorizes the Commissioner of Customs, after consultation with the International Trade Commission, to make a grant to an institution of higher education (or a consortium of such institutions) to assist in establishing and operating a Center for the study of western hemispheric trade. The amendment requires consultations with appropriate authorities in planning the Center, sets forth selection criteria and identifies the Center's activities. The amendment authorizes the appropriation of $10 million for fiscal year 1993 and such sums as may be necessary in the three succeeding fiscal years.
4.	GSP eligibility for former Soviet Union (sec. 9301 of the Senate amendment)	No provision.	Removes the Union of Soviet Socialist Republics from the list of countries ineligible for designation under the Generalized System of Preferences.

Item	House Bill	Senate Amendment
5. Driftnet fishery conservation program (secs. 12001-12074 of the Senate amendment)	No provision.	Subtitle A requires the Secretary of Commerce, in consultation with the Secretary of State, to publish a list of nations engaging in large-scale driftnet fishing practices beyond the exclusive economic zone of any nation, and requires the Secretary of the Treasury to deny entry into the United States of any large-scale driftnet fishing vessel of a nation on that list. Further provides for consultations with nations whose vessels are engaged in such fishing practices. If such consultations do not result in an agreement to immediately terminate the practices, the President is required to direct the Secretary of the Treasury to prohibit the importation into the United States from such nations of fish and fish products and sport fishing equipment. Provides for additional economic sanctions at the President's discretion on finding by the Secretary of Commerce that this prohibition was insufficient to cause the termination of the practices. Subtitle B broadens the import restrictions available to the President under the Fisherman's Protective Act of 1967 in response to practices of a country that diminish the effectiveness of international fishery conservation or endangered species programs, and expresses the sense of Congress that in carrying out trade negotiations, the President should seek to address environmental issues related to those negotiations. Subtitle C prohibits U.S. vessels and nationals from fishing operations in the Central Bering Sea unless those are in accordance with an international fishery agreement, and requires the Secretary of the Treasury to deny entry into the United States of any fishing vessel listed by the Secretary of Commerce as conducting such operations. Subtitle D amends various provisions of the Marine Mammal Protection Act of 1972 and the Magnuson Fishery Conversation and Management Act.