

“(4) THROWBACK YEAR.—For purposes of this subsection, the term ‘throwback year’ means any taxable year to which a distribution is allocated under section 666(a).”

“(5) PERIODS OF NONRESIDENCE.—The period under paragraph (2) shall not include any portion thereof during which the beneficiary was not a citizen or resident of the United States.”

“(6) THROWBACK YEARS BEFORE 1996.—In the case of any throwback year beginning before 1996—

“(A) interest for the portion of the period described in paragraph (2) which occurs before the first taxable year beginning after 1995 shall be determined by using an interest rate of 6 percent and no compounding, and

“(B) interest for the remaining portion of such period shall be determined as if the partial tax computed under section 667(b) for the throwback year were increased (as of the beginning of such first taxable year) by the amount of the interest determined under subparagraph (A).”

(b) RULE WHEN INFORMATION NOT AVAILABLE.—Subsection (d) of section 666 of such Code is amended by adding at the end the following: “In the case of a distribution from a foreign trust to which section 6048(b) applies, adequate records shall not be considered to be available for purposes of the preceding sentence unless such trust meets the requirements referred to in such section. If a taxpayer is not able to demonstrate when a trust was created, the Secretary may use any reasonable approximation based on available evidence.”

(c) ABUSIVE TRANSACTIONS.—Section 643(a) of such Code is amended by inserting after paragraph (6) the following new paragraph:

“(7) ABUSIVE TRANSACTIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this part, including regulations to prevent avoidance of such purposes.”

(d) TREATMENT OF USE OF TRUST PROPERTY.—Section 643 of such Code (relating to definitions applicable to subparts A, B, C, and D) is amended by adding at the end the following new subsection:

“(i) USE OF FOREIGN TRUST PROPERTY.—

“(1) GENERAL RULE.—For purposes of subparts B, C, and D, if, during a taxable year of a foreign trust a trust participant of such trust directly or indirectly uses any of the trust’s property, the use value for such taxable year shall be treated as an amount paid to such participant (other than from income for the taxable year) within the meaning of sections 661(a)(2) and section 662(a)(2).”

“(2) EXEMPTION.—Paragraph (1) shall not apply to any trust participant as to whom the aggregate use value during the taxable year does not exceed \$2,500.

“(3) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

“(A) USE VALUE.—Except as provided in subparagraph (B), the term ‘use value’ means the fair market value of the use of property reduced by any amount paid for such use by the trust participant or by any person who is related to such participant.

“(B) SPECIAL RULE FOR CASH AND CASH EQUIVALENT.—A direct or indirect loan of cash, or cash equivalent, by a foreign trust shall be treated as a use of trust property by the borrower and the full amount of the loan principal shall be the use value.

“(C) USE BY RELATED PARTY.—

“(i) Use by a person who is related to a trust participant shall be treated as use by the participant.

“(ii) If property is used by any person who is a related person with respect to more than one trust participant, then the property shall be treated as used by the trust participant most closely related, by blood or otherwise, to such person.

“(D) PROPERTY INCLUDES CASH AND CASH EQUIVALENTS.—The term ‘property’ includes cash and cash equivalents.

“(E) TRUST PARTICIPANT.—The term ‘trust participant’ means each grantor and beneficiary of the trust.

“(F) RELATED PERSON.—A person is related to a trust participant if the relationship between such persons would result in a disallowance of losses under section 267(b) or 707(b). In applying section 267 for purposes of the preceding sentence—

“(i) section 267(e) shall be applied as if such person or the trust participant were a pass-through entity,

“(ii) section 267(b) shall be applied by substituting ‘at least 10 percent’ for ‘more than 50 percent’ each place it appears, and

“(iii) in determining the family of an individual under section 267(c)(4), such section shall be treated as including the spouse (and former spouse) of such individual and of each other person who is treated under such section as being a member of the family of such individual or spouse.

“(G) SUBSEQUENT TRANSACTIONS REGARDING LOAN PRINCIPAL.—If any loan described in subparagraph (B) is taken into account under paragraph (1), any subsequent transaction between the trust and the original borrower regarding the principal of the loan (by way of complete or partial repayment, satisfaction, cancellation, discharge, or otherwise) shall be disregarded for purposes of this title.”

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) INTEREST CHARGE.—The amendment made by subsection (a) shall apply to interest for throwback years beginning before, on, or after the date of the enactment of this Act.

SEC. 318. RESIDENCE OF ESTATES AND TRUSTS.

(a) TREATMENT AS UNITED STATES PERSON.—Paragraph (30) of section 7701(a) of the Internal Revenue Code of 1986 is amended by striking subparagraph (D) and by inserting after subparagraph (C) the following:

“(D) any estate or trust if—

“(i) a court within the United States is able to exercise primary supervision over the administration of the estate or trust, and

“(ii) in the case of a trust, one or more United States fiduciaries have the authority to control all substantial decisions of the trust.”

(b) CONFORMING AMENDMENT.—Paragraph (31) of section 7701(a) of such Code is amended to read as follows:

“(31) FOREIGN ESTATE OR TRUST.—The term ‘foreign estate’ or ‘foreign trust’ means any estate or trust other than an estate or trust described in section 7701(a)(30)(D).”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply—

(1) to taxable years beginning after December 31, 1996, and

(2) at the election of the trustee of a trust, to taxable years beginning after the date of the enactment of this Act and on or before December 31, 1996.

Such an election, once made, shall be irrevocable.

It was decided in the { Yeas 191 negative } Nays 234

29.18

[Roll No. 148]

AYES—191

Abercrombie Ackerman Andrews Baesler Baldacci

Barcia Barrett (WI) Becerra Beilenson Bentsen

Berman Beville Bishop Bonior Brewster

Browder Brown (CA) Brown (FL) Brown (OH) Bryant (TX) Cardin Chapman Clay Clayton Clement Clyburn Coleman Collins (IL) Collins (MI) Condit Conyers Costello Coyne Cramer Danner Deal DeFazio DeLauro Dellums Deutsch Diaz-Balart Dicks Dingell Dixon Doggett Dooley Doyle Durbin Edwards Engel Eshoo Evans Farr Fattah Fazio Fields (LA) Filner Flake Foglietta Ford Frank (MA) Frost Furse Gejdenson Gephardt Gibbons Gordon Green Gutierrez Hall (OH) Hamilton Hastings (FL) Hefner Hilliard

Hinchey Holden Hoyer Jackson-Lee Jacobs Jefferson Johnson (SD) Johnson, E. B. Johnston Kanjorski Kaptur Kennedy (MA) Kennedy (RI) Kennelly Kildee Kleczka Klink LaFalce Lantos Laughlin Levin Lincoln Lipinski Lofgren Lowey Luther Maloney Manton Markey Martinez Mascara Matsui McCarthy McDermott McHale McKinney McNulty Meehan Menendez Mfume Miller (CA) Mineta Minge Mink Moakley Mollohan Montgomery Moran Murtha Nadler Neal Oberstar Obey Oliver Ortiz Orton Owens Pallone Pastor

Payne (NJ) Payne (VA) Pelosi Peterson (FL) Pickett Pomeroy Poshard Rahall Reed Reynolds Richardson Rivers Ros-Lehtinen Rose Roybal-Allard Sabo Sanders Sawyer Schroeder Schumer Scott Serrano Sisisky Skaggs Skelton Slaughter Spratt Stark Stenholm Stokes Studds Stupak Tanner Taylor (MS) Tejada Thompson Thornton Thurman Torres Torricelli Towns Traficant Tucker Velazquez Vento Visclosky Volkmer Ward Waters Watt (NC) Waxman Williams Wilson Wise Woolsey Wyden Wynn Yates

NOES—234

Allard Archer Arney Bachus Baker (CA) Baker (LA) Ballenger Barr Barrett (NE) Bartlett Barton Bass Bateman Bereuter Bilbray Bilirakis Bliley Blute Boehlert Boehner Bonilla Bono Boucher Brownback Bryant (TN) Bunn Bunning Burr Burton Buyer Callahan Calvert Camp Canady Castle Chabot Chambliss Chenoweth Christensen

Chrysler Clinger Coble Coburn Collins (GA) Combest Cooley Cox Crane Cremeans Cubin Cunningham Davis DeLay Dickey Doolittle Dornan Dreier Duncan Dunn Ehrlich Emerson English Ensign Everett Ewing Fawell Fields (TX) Flanagan Foley Forbes Fowler Fox Franks (CT) Franks (NJ) Frelinghuysen Frisa Funderburk Ganske

Gekas Geren Gilchrist Gillmor Gilman Gingrich Goodlatte Goodling Goss Graham Greenwood Gunderson Gutknecht Hall (TX) Hancock Hansen Harman Hastert Hastings (WA) Hayes Hayworth Hefley Heineman Herger Hillery Hobson Hoekstra Hoke Horn Hostettler Houghton Hunter Hutchinson Hyde Inglis Istook Johnson (CT) Johnson, Sam Jones

Kasich	Nethercutt	Shays
Kelly	Neumann	Shuster
Kim	Ney	Skeen
King	Norwood	Smith (MI)
Kingston	Nussle	Smith (NJ)
Klug	Oxley	Smith (TX)
Knollenberg	Packard	Smith (WA)
Kolbe	Parker	Solomon
LaHood	Paxon	Souder
Largent	Peterson (MN)	Spence
Latham	Petri	Stearns
LaTourette	Pombo	Stockman
Lazio	Porter	Stump
Leach	Portman	Talent
Lewis (CA)	Pryce	Tate
Lewis (KY)	Quillen	Tauzin
Lightfoot	Quinn	Taylor (NC)
Linder	Radanovich	Thomas
Livingston	Ramstad	Thornberry
LoBiondo	Rangel	Tiahrt
Longley	Regula	Torkildsen
Lucas	Riggs	Upton
Manzullo	Roberts	Vucanovich
Martini	Roemer	Waldholtz
McCollum	Rogers	Walker
McCrery	Rohrabacher	Walsh
McDade	Roth	Wamp
McHugh	Roukema	Watts (OK)
McInnis	Royce	Weldon (FL)
McIntosh	Salmon	Weldon (PA)
McKeon	Sanford	Weller
Meyers	Saxton	White
Mica	Scarborough	Whitfield
Miller (FL)	Schaefer	Wicker
Molinari	Schiff	Wolf
Moorhead	Seastrand	Young (AK)
Morella	Sensenbrenner	Young (FL)
Myers	Shadegg	Zeliff
Myrick	Shaw	Zimmer

NOT VOTING—10

Borski	Gallegly	Metcalfe
Crapo	Gonzalez	Rush
de la Garza	Lewis (GA)	
Ehlers	Meek	

So the amendment in the nature of a substitute was not agreed to.

The SPEAKER pro tempore, Mr. WALKER, assumed the Chair.

When Mr. MCINNIS, Chairman, pursuant to House Resolution 88, reported the bill back to the House with an amendment adopted by the Committee.

The previous question having been ordered by said resolution.

Pursuant to House Resolution 88, the following amendment, reported from the Committee of the Whole House on the state of the Union, was considered agreed to:

Strike out all after the enacting clause and insert:

SECTION 1. PERMANENT EXTENSION OF DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Subsection (l) of section 162 of the Internal Revenue Code of 1986 (relating to special rules for health insurance costs of self-employed individuals) is amended by striking paragraph (6).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1993.

SEC. 2. REPEAL OF NONRECOGNITION ON FCC CERTIFIED SALES AND EXCHANGES.

(a) IN GENERAL.—Subchapter O of chapter 1 of the Internal Revenue Code of 1986 is amended by striking part V (relating to changes to effectuate FCC policy).

(b) CLERICAL AMENDMENT.—The table of parts for such subchapter O is amended by striking the item relating to part V.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to—

(A) sales and exchanges on or after January 17, 1995, and

(B) sales and exchanges before such date if the FCC tax certificate with respect to such sale or exchange is issued on or after such date.

(2) BINDING CONTRACTS.—

(A) IN GENERAL.—The amendments made by this section shall not apply to any sale or exchange pursuant to a written contract which was binding on January 16, 1995, and at all times thereafter before the sale or exchange, if the FCC tax certificate with respect to such sale or exchange was applied for, or issued, on or before such date.

(B) SALES CONTINGENT ON ISSUANCE OF CERTIFICATE.—A contract shall be treated as not binding for purposes of subparagraph (A) if the sale or exchange pursuant to such contract, or the material terms of such contract, were contingent, at any time on January 16, 1995, on the issuance of an FCC tax certificate. The preceding sentence shall not apply if the FCC tax certificate for such sale or exchange is issued on or before January 16, 1995.

(3) FCC TAX CERTIFICATE.—For purposes of this subsection, the term "FCC tax certificate" means any certificate of the Federal Communications Commission for the effectuation of section 1071 of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act).

SEC. 3. NONRECOGNITION ON INVOLUNTARY CONVERSIONS NOT TO APPLY IF REPLACEMENT PROPERTY ACQUIRED FROM RELATED PERSON.

(a) IN GENERAL.—Section 1033 of the Internal Revenue Code of 1986 (relating to involuntary conversions) is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

"(i) NONRECOGNITION NOT TO APPLY IF REPLACEMENT PROPERTY ACQUIRED FROM RELATED PERSON.—Subsection (a) shall not apply if the replacement property or stock acquired is acquired from a related person. For purposes of the preceding sentence, a person is related to another person if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b)."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to replacement property or stock acquired on or after February 6, 1995.

SEC. 4. PHASEOUT OF EARNED INCOME CREDIT FOR INDIVIDUALS HAVING MORE THAN \$2,500 OF TAXABLE INTEREST AND DIVIDENDS.

(a) IN GENERAL.—Section 32 of the Internal Revenue Code of 1986 is amended by redesignating subsections (i) and (j) as subsections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

"(i) PHASEOUT OF CREDIT FOR INDIVIDUALS HAVING MORE THAN \$2,500 OF TAXABLE INTEREST AND DIVIDENDS.—If the aggregate amount of interest and dividends includable in the gross income of the taxpayer for the taxable year exceeds \$2,500, the amount of the credit which would (but for this subsection) be allowed under this section for such taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to such amount of credit as such excess bears to \$650."

(b) INFLATION ADJUSTMENT.—Subsection (j) of section 32 of such Code (relating to inflation adjustments), as redesignated by subsection (a), is amended by striking paragraph (2) and by inserting the following new paragraphs:

"(2) INTEREST AND DIVIDEND INCOME LIMITATION.—In the case of a taxable year beginning in a calendar year after 1996, each dollar amount contained in subsection (i) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1995'

for 'calendar year 1992' in subparagraph (B) thereof.

"(3) ROUNDING.—If any amount as adjusted under paragraph (1) or (2) is not a multiple of \$10, such dollar amount shall be rounded to the nearest multiple of \$10."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

Passed the House of Representatives February 21, 1995.

The bill, as amended, was ordered to be engrossed and read a third time, was read a third time by title.

Mr. STARK moved to recommit the bill to the Committee on Ways and Means with instructions to report the bill back to the House forthwith with the following amendment:

At the end of the bill insert the following:

SEC. 5. REPEAL OF MAXIMUM PERIOD OF MANDATORY CONTINUATION COVERAGE UNDER GROUP HEALTH PLANS.

(a) IN GENERAL.—Section 162 of the Internal Revenue Code of 1986 is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

"(o) GROUP HEALTH PLANS NOT PROVIDING EXTENDED CONTINUATION HEALTH COVERAGE.—

"(1) IN GENERAL.—No deduction shall be allowed under this chapter for any amount paid or incurred by an employer for any group health plan to which section 4980B applies if such plan fails to provide extended continuation coverage with respect to any qualified beneficiary (as defined in section 4980B(g)).

"(2) EXTENDED CONTINUATION COVERAGE.—For purposes of paragraph (1), the term 'extended continuation coverage' means coverage which would be required to be provided under section 4980B but for subsection (f)(2)(B)(i) thereof."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to qualifying events (as defined in section 4980B of the Internal Revenue Code of 1986) occurring before, on, or after the date of the enactment of this Act, but shall not apply if the period of continuation coverage required under section 4980B of the Internal Revenue Code of 1986 with respect to the qualifying event has expired before such date.

By unanimous consent, the previous question was ordered on the motion to recommit with instructions.

The question being put, viva voce, Will the House recommit said bill with instructions?

The SPEAKER pro tempore, Mr. WALKER, announced that the nays had it.

Mr. STARK demanded a recorded vote on agreeing to said motion, which demand was supported by one-fifth of a quorum, so a recorded vote was ordered.

The vote was taken by electronic device.

It was decided in the { Yeas 180
negative Nays 245

129.19 [Roll No. 149] AYES—180

Abercrombie	Bentsen	Brown (FL)
Ackerman	Berman	Brown (OH)
Bachus	Bevill	Bryant (TX)
Baldacci	Bishop	Cardin
Barcia	Bonior	Chapman
Barrett (WI)	Boucher	Clay
Becerra	Browder	Clayton
Beilenson	Brown (CA)	Clement