

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 831

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 22, 1995

Received; read twice and referred to the Committee on Finance

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## AN ACT

To amend the Internal Revenue Code of 1986 to permanently extend the deduction for the health insurance costs of self-employed individuals, to repeal the provision permitting nonrecognition of gain on sales and exchanges effectuating policies of the Federal Communications Commission, and for other purposes.

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

1 **SECTION 1. PERMANENT EXTENSION OF DEDUCTION FOR**  
2 **HEALTH INSURANCE COSTS OF SELF-EM-**  
3 **PLOYED INDIVIDUALS.**

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

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

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

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

16 (b) CLERICAL AMENDMENT.—The table of parts for  
17 such subchapter O is amended by striking the item relat-  
18 ing to part V.

19 (c) EFFECTIVE DATE.—

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

22 (A) sales and exchanges on or after Janu-  
23 ary 17, 1995, and

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

1 (2) BINDING CONTRACTS.—

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

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

20 (3) FCC TAX CERTIFICATE.—For purposes of  
21 this subsection, the term “FCC tax certificate”  
22 means any certificate of the Federal Communica-  
23 tions Commission for the effectuation of section  
24 1071 of the Internal Revenue Code of 1986 (as in

1 effect on the day before the date of the enactment  
2 of this Act).

3 **SEC. 3. NONRECOGNITION ON INVOLUNTARY CONVER-**  
4 **SIONS NOT TO APPLY IF REPLACEMENT**  
5 **PROPERTY ACQUIRED FROM RELATED PER-**  
6 **SON.**

7 (a) IN GENERAL.—Section 1033 of the Internal Rev-  
8 enue Code of 1986 (relating to involuntary conversions)  
9 is amended by redesignating subsection (i) as subsection  
10 (j) and by inserting after subsection (h) the following new  
11 subsection:

12 “(i) NONRECOGNITION NOT TO APPLY IF REPLACE-  
13 MENT PROPERTY ACQUIRED FROM RELATED PERSON.—  
14 Subsection (a) shall not apply if the replacement property  
15 or stock acquired is acquired from a related person. For  
16 purposes of the preceding sentence, a person is related to  
17 another person if the relationship between such persons  
18 would result in a disallowance of losses under section 267  
19 or 707(b).”

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

1 **SEC. 4. PHASEOUT OF EARNED INCOME CREDIT FOR INDIVIDUALS HAVING MORE THAN \$2,500 OF TAX-**  
2 **ABLE INTEREST AND DIVIDENDS.**

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

8 “(i) PHASEOUT OF CREDIT FOR INDIVIDUALS HAVING MORE THAN \$2,500 OF TAXABLE INTEREST AND  
9 DIVIDENDS.—If the aggregate amount of interest and  
10 dividends includible in the gross income of the taxpayer  
11 for the taxable year exceeds \$2,500, the amount of the  
12 credit which would (but for this subsection) be allowed  
13 under this section for such taxable year shall be reduced  
14 (but not below zero) by an amount which bears the same  
15 ratio to such amount of credit as such excess bears to  
16 \$650.”

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

23 “(2) INTEREST AND DIVIDEND INCOME LIMITATION.—In the case of a taxable year beginning in a  
24 calendar year after 1996, each dollar amount con-

1       tained in subsection (i) shall be increased by an  
2       amount equal to—

3               “(A) such dollar amount, multiplied by

4               “(B) the cost-of-living adjustment deter-  
5       mined under section 1(f)(3) for the calendar  
6       year in which the taxable year begins, deter-  
7       mined by substituting ‘calendar year 1995’ for  
8       ‘calendar year 1992’ in subparagraph (B)  
9       thereof.

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

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

      Passed the House of Representatives February 21,  
1995.

Attest:

ROBIN H. CARLE,

*Clerk.*