

“(1) IN GENERAL.—

“(A) BY NON-PATRON SHAREHOLDERS.—Non-patron shares of stock (within the meaning of subsection (b)(1)(A)(i)) shall be treated as property subject to the allowance for depreciation under section 167(a). Such shares of stock shall be treated as residential real property for purposes of determining the appropriate depreciation method under section 168(b), the applicable recovery period under section 168(c), and the applicable convention under section 168(d).

“(B) BY PATRON SHAREHOLDERS.—So much of the shares of stock of a patron shareholder (within the meaning of subsection (b)(1)(A)(ii)) as is allocable, under regulations prescribed by section 216(c), to a proprietary lease or right of tenancy subject to the allowance for depreciation under section 167(a) shall, to the extent such proprietary lease or right of tenancy is used by such patron shareholder in a trade or business or for the production of income, be treated as property subject to the allowance for depreciation under section 167(a).

“(2) DEDUCTION LIMITED TO ADJUSTED BASIS IN STOCK.—

“(A) IN GENERAL.—The amount of any deduction for depreciation allowable under section 167(a) to a non-patron or patron shareholder with respect to any stock for any taxable year by reason of subparagraph (A) or (B) of paragraph (1), respectively, shall not exceed the adjusted basis of such stock as of the close of the taxable year of the shareholder in which such deduction was incurred.

“(B) CARRYFORWARD OF DISALLOWED AMOUNT.—The amount of any deduction which is not allowed by reason of subparagraph (A) shall, subject to the provisions of subparagraph (A), be treated as a deduction allowable under section 167(a) in the succeeding taxable year.

“(3) NO LIMITATION ON DEDUCTION BY SECTION 42 HOUSING COOPERATIVE.—Nothing in this section shall be construed to limit or deny a deduction for depreciation under section 167(a) by a section 42 housing cooperative with respect to property owned by such cooperative and occupied by the patron shareholders thereof.

“(d) DISALLOWANCE OF DEDUCTION FOR CERTAIN PAYMENTS TO THE COOPERATIVE.—No deduction shall be allowed to the holder of non-patron or patron stock in a section 42 housing cooperative for any amount paid or accrued to such cooperative during any taxable year to the extent that such amount is properly allocable to amounts paid or incurred at any time by the cooperative which are chargeable to the cooperative’s capital account. The shareholder’s adjusted basis in the stock in the cooperative shall be increased by the amount of such disallowance.

“(e) RESTRICTION ON THE RE SALE OF PATRON STOCK.—Upon the transfer of patron stock, the consideration received by the holder of such stock shall not exceed the shareholder’s adjusted equity in such stock. For purposes of this subsection, the term ‘adjusted equity’ means the sum of—

“(1) the consideration paid for such stock by the first shareholder, as adjusted by a cost-of-living adjustment and any other acceptable adjustments determined by the Secretary, and

“(2) payments made by such shareholder for improvements to the house or apartment occupied by the shareholder.

“(f) DISTRIBUTIONS BY SECTION 42 HOUSING COOPERATIVE.—Except as provided in regulations under section 216(e), no gain or loss shall be recognized on the distribution by a section 42 housing cooperative of a dwelling unit to a holder of patron stock in such cooperative if such distribution is in exchange for the shareholder’s stock in the cooperative

and such exchange qualifies for nonrecognition of gain under section 1034(f).”

(b) CONFORMING AMENDMENTS.—

(1) Section 42 of the Internal Revenue Code of 1986 (relating to low-income housing credit) is amended by adding at the end the following new subsection:

“(o) SECTION 42 HOUSING COOPERATIVES.—In the case of a section 42 housing cooperative (as defined in section 1389(b)(1)), the holders of the non-patron stock (within the meaning of section 1389(b)(1)(A)(i)) shall be entitled to any and all tax credits that would otherwise be available to such cooperative under this section. Any recapture of credit calculated against the section 42 housing cooperative under subsection (j) shall be an increase in the tax under this chapter for the holders of the non-patron stock in proportion to the relative holdings of such stock during the period giving rise to such recapture.”

(2) Section 42(g)(2)(B) of such Code is amended by striking “and” at the end of clause (iii), by striking the period at the end of clause (iv) and inserting “, and”, and by inserting after clause (iv) the following new clause:

“(v) does not include any amounts paid by a tenant in connection with the acquisition or holding of any patron stock (within the meaning of section 1389(b)(1)(A)(ii)).”

(3) Section 42(i) of such Code is amended by adding at the end the following new paragraph:

“(8) IMPACT OF SECTION 42 HOUSING COOPERATIVE’S RIGHT OF FIRST REFUSAL TO ACQUIRE STOCK OF A SECTION 42 HOUSING COOPERATIVE.—

“(A) IN GENERAL.—No Federal income tax benefit shall fail to be allowable to a non-patron or patron shareholder (within the meaning of section 1389(b)(1)) of a section 42 housing cooperative (as defined in section 1389(b)(1)) with respect to any qualified low-income building merely by reason of a right of first refusal or option or both held by the section 42 housing cooperative to purchase non-patron stock of the cooperative after the close of the compliance period for a price which is not less than the minimum purchase price determined under subparagraph (B).

“(B) MINIMUM PURCHASE PRICE.—For purposes of subparagraph (A), the minimum purchase price for the stock of a section 42 housing cooperative is an amount equal to the present value of the remaining depreciation deductions which would be allowable under section 1389(c)(1) to the holder of such stock. For purposes of determining present value, the discount rate provided in subsection (b)(2)(C)(ii) shall be applicable as determined at the time of the exercise of such option or right of first refusal.”

(4) Section 1381(a) of such Code is amended by striking “and” at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting “, and”, and by adding at the end the following new paragraph:

“(3) any section 42 housing cooperative (as defined in section 1389(b)(1)).”

(5) The table of sections for part III of subchapter T of chapter 1 of such Code is amended by adding at the end the following new item:

“Sec. 1389. Special rules for section 42 housing cooperatives and their shareholders.”•

ADDITIONAL COSPONSORS

S. 249

At the request of Mr. D’AMATO, the names of the Senator from Washington (Mrs. MURRAY) and the Senator from Maryland (Ms. MIKULSKI) were added as

cosponsors of S. 249, a bill to require that health plans provide coverage for a minimum hospital stay for mastectomies and lymph node dissection for the treatment of breast cancer, coverage for reconstructive surgery following mastectomies, and coverage for secondary consultations.

S. 348

At the request of Mr. MCCONNELL, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 348, a bill to amend title I of the Omnibus Crime Control and Safe Streets Act of 1968 to encourage States to enact a Law Enforcement Officers’ Bill of Rights, to provide standards and protection for the conduct of internal police investigations, and for other purposes.

S. 831

At the request of Mr. SHELBY, the names of the Senator from Missouri (Mr. ASHCROFT) and the Senator from North Carolina (Mr. FAIRCLOTH) were added as cosponsors of S. 831, a bill to amend chapter 8 of title 5, United States Code, to provide for congressional review of any rule promulgated by the Internal Revenue Service that increases Federal revenue, and for other purposes.

S. 852

At the request of Mr. LOTT, the names of the Senator from Minnesota (Mr. GRAMS) and the Senator from Colorado (Mr. CAMPBELL) were added as cosponsors of S. 852, a bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles.

S. 912

At the request of Mr. BOND, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 912, a bill to provide for certain military retirees and dependents a special medicare part B enrollment period during which the late enrollment penalty is waived and a special medigap open period during which no under-writing is permitted.

S. 1166

At the request of Mr. CAMPBELL, the name of the Senator from Illinois (Ms. MOSELEY-BRAUN) was added as a cosponsor of S. 1166, a bill to prevent Federal agencies from pursuing policies of unjustifiable nonacquiescence in, and relitigation of, precedents established in the Federal judicial circuits.

S. 1252

At the request of Mr. D’AMATO, the name of the Senator from Nebraska (Mr. KERREY) was added as a cosponsor of S. 1252, a bill to amend the Internal Revenue Code of 1986 to increase the amount of low-income housing credits which may be allocated in each State, and to index such amount for inflation.

S. 1264

At the request of Mr. HARKIN, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 1264, a bill to amend the

Federal Meat Inspection Act and the Poultry Products Inspection Act to provide for improved public health and food safety through enhanced enforcement.

S. 1421

At the request of Mr. KENNEDY, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 1421, a bill to amend the Public Health Service Act to provide additional support for and to expand clinical research programs, and for other purposes.

S. 1480

At the request of Ms. SNOWE, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 1480, a bill to authorize appropriations for the National Oceanic and Atmospheric Administration to conduct research, monitoring, education and management activities for the eradication and control of harmful algal blooms, including blooms of *Pfiesteria piscicida* and other aquatic toxins.

S. 1641

At the request of Mr. MOYNIHAN, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of S. 1641, a bill to direct the Secretary of the Interior to study alternatives for establishing a national historic trail to commemorate and interpret the history of women's rights in the United States.

S. 1759

At the request of Mr. HATCH, the names of the Senator from Massachusetts (Mr. KERRY), the Senator from Illinois (Ms. MOSELEY-BRAUN), the Senator from Kansas (Mr. BROWNBACK), and the Senator from Minnesota (Mr. WELLSTONE) were added as cosponsors of S. 1759, a bill to grant a Federal charter to the American GI Forum of the United States.

S. 1890

At the request of Mr. DASCHLE, the names of the Senator from North Dakota (Mr. DORGAN) and the Senator from Ohio (Mr. GLENN) were added as cosponsors of S. 1890, a bill to amend the Public Health Service Act and the Employee Retirement Income Security Act of 1974 to protect consumers in managed care plans and other health coverage.

S. 1891

At the request of Mr. DASCHLE, the names of the Senator from North Dakota (Mr. DORGAN) and the Senator from Ohio (Mr. GLENN) were added as cosponsors of S. 1891, a bill to amend the Internal Revenue Code of 1986 to protect consumers in managed care plans and other health coverage.

S. 1924

At the request of Mr. GRAMM, his name was added as a cosponsor of S. 1924, a bill to restore the standards used for determining whether technical workers are not employees as in effect before the Tax Reform Act of 1986.

S. 1992

At the request of Mrs. HUTCHISON, the name of the Senator from Georgia (Mr.

COVERDELL) was added as a cosponsor of S. 1992, a bill to amend the Internal Revenue Code of 1986 to provide that the \$500,000 exclusion of a gain on the sale of a principal residence shall apply to certain sales by a surviving spouse.

S. 2007

At the request of Mr. COCHRAN, the name of the Senator from North Carolina (Mr. FAIRCLOTH) was added as a cosponsor of S. 2007, a bill to amend the false claims provisions of chapter 37 of title 31, United States Code.

S. 2031

At the request of Mr. GRASSLEY, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of S. 2031, a bill to combat waste, fraud, and abuse in payments for home health services provided under the medicare program, and to improve the quality of those home health services.

S. 2045

At the request of Mr. FAIRCLOTH, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of S. 2045, a bill to amend title 10, United States Code, to permit certain beneficiaries of the military health care system to enroll in Federal employees health benefits plans, and for other purposes.

S. 2061

At the request of Mr. GRAHAM, the names of the Senator from South Carolina (Mr. HOLLINGS) and the Senator from Hawaii (Mr. INOUE) were added as cosponsors of S. 2061, a bill to amend title XIX of the Social Security Act to prohibit transfers or discharges of residents of nursing facilities.

S. 2073

At the request of Mr. HATCH, the name of the Senator from Kentucky (Mr. MCCONNELL) was added as a cosponsor of S. 2073, a bill to authorize appropriations for the National Center for Missing and Exploited Children.

S. 2092

At the request of Mr. SMITH, the names of the Senator from New York (Mr. D'AMATO), the Senator from Missouri (Mr. BOND), the Senator from New Jersey (Mr. TORRICELLI), and the Senator from Colorado (Mr. ALLARD) were added as cosponsors of S. 2092, a bill to promote full equality at the United Nations for Israel.

SENATE JOINT RESOLUTION 44

At the request of Mr. KYL, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of Senate Joint Resolution 44, a Joint Resolution proposing an amendment to the Constitution of the United States to protect the rights of crime victims.

SENATE CONCURRENT RESOLUTION 35

At the request of Mr. MOYNIHAN, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of Senate Concurrent Resolution 35, a concurrent resolution urging the United States Postal Service to issue a commemorative postage stamp to celebrate the 150th anniversary of the first Women's Rights Convention held in Seneca Falls, New York.

SENATE CONCURRENT RESOLUTION 65

At the request of Ms. SNOWE, the name of the Senator from New Hampshire (Mr. GREGG) was added as a cosponsor of Senate Concurrent Resolution 65, a concurrent resolution calling for a United States effort to end restriction on the freedoms and human rights of the enclaved people in the occupied area of Cyprus.

SENATE CONCURRENT RESOLUTION 88

At the request of Mr. ASHCROFT, the names of the Senator from North Carolina (Mr. FAIRCLOTH) and the Senator from Utah (Mr. BENNETT) were added as cosponsors of Senate Concurrent Resolution 88, a concurrent resolution calling on Japan to establish and maintain an open, competitive market for consumer photographic film and paper and other sectors facing market access barriers in Japan.

SENATE CONCURRENT RESOLUTION 97

At the request of Mrs. FEINSTEIN, the name of the Senator from New York (Mr. D'AMATO) was added as a cosponsor of Senate Concurrent Resolution 97, a concurrent resolution expressing the sense of Congress concerning the human rights and humanitarian situation facing the women and girls of Afghanistan.

SENATE RESOLUTION 176

At the request of Mr. DOMENICI, the names of the Senator from New Hampshire (Mr. GREGG), the Senator from Alaska (Mr. MURKOWSKI), the Senator from Nebraska (Mr. HAGEL), and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of Senate Resolution 176, a resolution proclaiming the week of October 18 through October 24, 1998, as "National Character Counts Week."

SENATE RESOLUTION 199

At the request of Mr. TORRICELLI, the names of the Senator from South Dakota (Mr. DASCHLE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Montana (Mr. BAUCUS), the Senator from Ohio (Mr. GLENN), the Senator from Nevada (Mr. BRYAN), the Senator from California (Mrs. BOXER), the Senator from Nevada (Mr. REID), the Senator from Montana (Mr. BURNS), and the Senator from South Dakota (Mr. JOHNSON) were added as cosponsors of Senate Resolution 199, a resolution designating the last week of April of each calendar year as "National Youth Fitness Week."

SENATE CONCURRENT RESOLUTION 99—AUTHORIZING THE FLYING OF THE POW/MIA FLAG

Mr. LOTT submitted the following resolution; which was considered and agreed to:

S. CON. RES. 99

*Resolved by the Senate (the House of Representatives concurring), That, for the purpose of section 1082(b)(1)(B) of the National Defense Authorization Act for Fiscal Year 1998, the display of the POW/MIA flag at the Capitol shall begin at 6:30 p.m. on Sunday, May 24, 1998. As used in this section, the term*