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BRIEF DESCRIPTION OF SENATE AMENDMENTS TO VARIOUS HOUSE BILLS

H.R. 6191
H.R. 6642
H.R. 7780
H.R. 11251
H.R. 11452
H.R. 11830
H.R. 12035
H.R. 12281
H.R. 13631

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BILLS

OF ALL SORTS, HOUSE

SENATE, AMENDMENTS

BRIEF DESCRIPTION OF

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[Note: All amendments are Committee amendments unless otherwise noted.]

H.R. 6191 (Zinc)

Amdt. No.	Bill page	Description
1	1–2	*Zinc waste and scrap.*—The House bill suspends until June 30, 1977, the duty on zinc-bearing ores, zinc dross and zinc skimmings, and zinc-bearing materials. The Senate amendment also provides for the temporary duty-free treatment of zinc waste and scrap.
2	2–7	*Certain disaster losses.*—Senate amendment deals with certain disaster losses where taxpayers were allowed flood casualty loss deductions and subsequently were compensated for those losses based on claims of tort. This provision specifies that in these circumstances in lieu of taking the compensation into income immediately, the taxpayers may reduce the basis of their damaged property (or replacement property) by the amount of compensation they received up to a maximum of $5,000 of tax benefits (with a phase-out as the income involved exceeds $5,000). Excess benefits over this level are to be included in the income of a taxpayer over a 5-year period.

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H.R. 6642 (Bicycle Parts)

Amdt. No.	Bill page	Description
1–4	1	Clerical amendments reflecting the fact that new sections were added to the Senate bill.
5	2–3	*Moving expenses.*—Because of problems involved, since enactment of the 1969 Tax Reform Act the Internal Revenue Service has, by administrative determination, provided a moratorium with respect to the application of the new moving expense rules to members of the armed services. The most recent extension of the IRS moratorium expired at the end of 1973. The Senate bill extends this moratorium one more year, or until Jan. 1, 1975. In the meanwhile a staff study is to be made of possible legislative solutions to the problems.

H.R. 6642 (Bicycle Parts)—Continued

Amdt. No.	Bill page	Description
6	3–4	*Filled cheese.*—Repeals the tax and other regulatory provisions on filled cheese which are in the Internal Revenue Code.
7	4–5	*Certain foundations.*—Permits private foundations (such as the Herndon Foundation) whose assets are largely invested in the stock of a multistate regulated company (which investment represents 90 percent or more of the stock of the company) to exclude the value of this stock in computing the amount of their required charitable distributions under the private foundation provisions. This amendment is designed to permit the retention of 51 percent of the stock of the company in cases of this type by permitting such investments to be ignored in applying the charitable distribution provisions.
8	5–14	*Annual wage reporting for social security.*—Authorizes the exchange of information between the Treasury Department and Health, Education, and Welfare so as to permit cooperative processing of employers' informational returns with respect to social security and income tax, with each agency bearing its proper share of the costs of such processing. The amendment also changes the basis for determining automatic increases in the amount of annual earnings subject to social security and the amount of annual earnings which a social security beneficiary may have with no loss of benefits. Under the amendment, these changes would be based on the increase in average annual wages in all employment rather than on the increase in 1st-quarter wages subject to social security tax, and the base period would be moved back by 1 year. The practical effect of the amendment would be to make it possible for employers to file a single annual report of employees' wages under social security (showing a quarterly breakdown of those wages) rather than filing four such reports on a quarterly basis.
9	14–15	*Still wines.*—Increases the amount of carbon dioxide that may be contained in still wines from 0.277 to 0.392 grams per 100 milliliters of wine. This increase is intended to improve the shelf life of wines with low alcoholic content by permitting the addition of a little more carbon dioxide.

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H.R. 7780 (Spun Silk Yarn)

Amdt. No.	Bill page	Description
1–2	1–2	*Spun silk yarn.*—The House bill continues the suspension of duty on certain classifications of yarns of silk from Nov. 7, 1973, until Nov. 7, 1975. The Senate amendment instead makes the suspension of duty effective upon enactment, but allows importers 60 days to file for a refund of duties paid on entries made between November 7, 1973 and the date of enactment.
3	2	*Trona.*—Deals with the treatment processes which are treated as mining in computing the percentage depletion allowance for trona. The amendment provides that the decarbonation of trona is to be treated as an ordinary treatment process. The effect of this is to continue, as provided prior to 1971, to allow percentage depletion on trona based on the value of soda ash extracted from it.
4	2–3	*Excise tax on wagers.*—Eliminates the Federal excise tax on wagers placed with licensed persons in a State which imposes a State tax on such wagers or their proceeds. (At present this change would only effect wagers made with State-licensed wagering enterprises in Nevada.) Those placing wagers with unlicensed persons would remain subject to the Federal excise tax on wagers. (Cannon floor amendment adopted by voice vote.)

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H.R. 11251 (Methanol)

Amdt. No.	Bill page	Description
1	1–2	Clerical amendment to modify indentation in House bill.
2–3	2	Conforming amendment specifies that the column 1 rates established by the bill are to be considered rates proclaimed pursuant to trade agreement.

H.R. 11251 (Methanol)—Continued

Amdt. No.	Bill page	Description
4	2–3	*DISC export transactions.*—Specifies that a financing corporation is not to be prevented from qualifying as a DISC if it holds accounts receivable or evidences of indebtedness which arise by reason of the export-related transactions of a related DISC. The present tax law requires that at least 95 percent of a corporation's assets be export-related in order to qualify as a DISC. These export-related assets include accounts receivable or evidences of indebtedness which arise in connection with the export transactions of the corporation. Thus presently a corporation with whom the export transaction arose can retain these accounts receivable or evidences of indebtedness as its only assets and continue to qualify as a DISC. However, if these accounts receivable or evidences of indebtedness are transferred to another corporation, which retains these as its only assets, this transferee corporation cannot presently qualify as a DISC. The amendment would allow the transferee financing corporation to hold these accounts receivable or evidences of indebtedness and qualify as a DISC if they arise by reason of the export-related transactions (whether as principal or agent) of a related DISC.
5	3	*Housing rehabilitation.*—Sec. 167(k) of the Internal Revenue Code, adopted as part of the Tax Reform Act of 1969, permits taxpayers to depreciate rehabilitation expenditures for low- and moderate-income rental housing over a period of 60 months. The provision only applies to expenditures made prior to Jan. 1, 1975. This provision is applicable only where at least $3,000 per unit is spent for rehabilitation over a 2-year period and no more than $15,000 per unit qualifies for this special treatment. The amendment would extend this special tax treatment for rehabilitation expenditures to those made prior to Jan. 1, 1978. (Javits floor amendment adopted by voice vote.)

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H.R. 11452 (Feathers and Downs)

Amdt. No.	Bill page	Description
1–2	2	*Feathers and downs.*—Suspends until Dec. 31, 1977 (rather than until Dec. 31, 1979, as in the House bill) the duty-free treatment of certain feathers and downs.
3–4	2	*Trade agreements authority.*—Deletes the provision in the House bill which would authorize the President, in the exercise of his trade agreements authority, to grant a permanent concession on the duty-free status for feathers provided for in the bill if such concession were granted during the statutory suspension of the duty.
5	2–3	*Tax treatment of certain dividend income of affiliated life insurance companies.*—Under present law life insurance companies are excluded from filing a consolidated return with their affiliates even though the requisite stock ownership exists, because the unique method of taxing such companies would make it difficult from an accounting standpoint to consolidate their income with their affiliates which are not life insurance companies. Present law also exempts life insurance companies, as well as other corporations (such as banks) from personal holding company status, even though they receive the requisite amount of passive income, because of the nature of their business activities. However, dividends received from a life insurance company by members of an affiliated group are treated as personal holding company income (such dividends would not be so treated if the life insurance company were permitted to file a consolidated return with the group). The Senate amendment treats the dividends received by members of an affiliated group from a life insurance subsidiary in the same manner as they would be treated if the life insurance company were permitted to file a consolidated return. It provides that the dividends received by members of an affiliated group from a life insurance subsidiary will not be treated as personal holding company income.
6	3. 5	*Family farms.*—Excludes the first $200,000 in the value of the family farm from the taxable estates of those farmers who have managed their own farms during their lives and have willed them to relatives who plan to carry on this tradition. In order to qualify for the exemption, a decedent must have owned a farm for at least 5 years and must have exercised substantial management and control over the farm before he died. Those who inherit must continue to

H.R. 11452 (Feathers and Downs)—Continued

Amdt. No.	Bill page	Description
6	3. 5	exercise substantial management and control over the farm, and also must maintain ownership and live on the farm for at least 5 years. In the event that a farm is willed to several children, all inheritors are covered by the amendment if one of them meets the residency and management qualifications. (Bayh floor amendment adopted by voice vote.)
7	5–6	*Coordination of Federal employee health program with Medicare.*—Defers for 1 year (until Jan. 1, 1976) the requirement in present law that no payment may be made under Medicare for any service to an individual enrolled in the Federal Employees Health Program unless the Secretary finds that the Federal Employee Health Plan has provision for proper coordination with Medicare. (Curtis floor amendment adopted by voice vote.)

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H.R. 11830 (Synthetic Rutile)

Amdt. No.	Bill page	Description
1	2–3	*State lotteries.*—Revises the exemption from the excise tax on wagers for State run lotteries, to take account of changes in the conduct of State lotteries. Under existing law, an excise tax of 10 percent is imposed on all wagers, with certain exceptions, one of which is for lotteries conducted by a State, or the instrumentality of the State, if the eventual winner of the lottery is determined by a horse race. This exemption was enacted in 1965 to exempt the New Hampshire State Lottery, which was the first State lottery, from the excise tax on wagers. Since that time, however, other States have inaugurated lotteries, but the winners in most of these lotteries are determined on a basis other than by a horse race. The amendment deletes the requirement that the winner be chosen by a horse race to make the exemption apply to all State-conducted lotteries. In addition, the committee provision specifies that an exemption from the $250 occupational tax on vending machines is to be provided for lottery tickets dispensed by machine.

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H.R. 12035 (Cellulose Salts)

Amdt. No.	Bill page	Description
1	2–4	*Charitable remainder trusts.*—Provides for an extension of time to allow charitable remainder trusts to conform to the requirements provided in the Tax Reform Act for purposes of an estate tax deduction. As a result of the 1969 Act, charitable remainder trusts must meet certain requirements in order for an estate tax deduction to be allowed for the transfer of a remainder interest to charity. In general, these requirements apply in the case of a decedent dying after Dec. 31, 1969. Present transitional rules allow a trust created after July 31, 1969, to qualify if the governing instrument of the trust is amended to meet these new requirements by Dec. 31, 1972. The Senate amendment extends the application of these transitional rules to Dec. 31, 1975.
2	4–6	*Educational expenses for members of armed services.*—The exclusion from gross income for certain amounts received as a scholarship at an educational institution or as a fellowship grant generally does not apply if the amounts received represent compensation for past, present, or future employment services. The Internal Revenue Service has notified the Department of Defense in response to its request for a ruling that certain amounts received by students toward their educational expenses while participating in the recently instituted Armed Forces Health Professions Scholarship Program are not excludable from their gross income because of the individual's commitment to future service with the Armed Forces. Thus, under this position the individuals are subject to tax on the amounts received. The Senate amendment provides that the exclusion for scholarship and fellowship grants is to apply to payments made by the Government for the tuition and certain other educational expenses of a member of the uniformed services attending an educational institution under the Armed Forces Health Professions Scholarship Program (or substantially similar programs) until Jan. 1, 1976, pending a review by the staff of the effect of application of this provision. (Bennett floor amendment adopted by voice vote.) [Note: Section 5 of the Senate amendment, excluding from income that portion of a student loan that has been forgiven,

H.R. 12035 (Cellulose Salts)—Continued

Amdt. No.	Bill page	Description
2	4–6	was included in the engrossed amendments by error. Actually, Senator Bennett withdrew this portion of his amendment on the Senate floor.]
3	6–7	*Lease guaranty insurance and insurance of State and local obligations.*—Permits insurance companies writing lease guarantee insurance and insurance guaranteeing the debt service of municipal bond issues to deduct additions to contingency reserves in accordance with the current treatment of similar additions for mortgage guarantee insurance under sec. 832(e) of the Internal Revenue Code of 1954. The amendment would also allow a 20-year loss carryback in the case of the tax-exempt State and local obligations rather than 10-year net operating loss carryback presently available for mortgage guaranty insurance and which would be applicable under this amendment for lease guaranty insurance. The deduction for additions to the special contingency reserve permitted under this amendment produces a "tax benefit" which is required to be invested in noninterest bearing Federal tax-and-loss bonds. This provides the United States with unrestricted use of these funds. The bonds cannot be redeemed until the reserves are restored to income, which must occur, at the latest, within 10 years. (Bennett floor amendment adopted by voice vote.)
4	7	*Interest forfeiture on premature withdrawals.*—Under present law as interpreted by Revenue Ruling 73–511 banks, savings and loan associations and other financial institutions are required to annually report the gross amount of interest paid or accrued with respect to each time savings account or deposit, and individual taxpayers must include such payments or accruals in determining their gross income annually. If an individual prematurely withdraws his funds in such accounts, a substantial penalty is imposed and that individual is required to forfeit part of the interest earned. Where an individual does not itemize his deductions in determining his taxable income, he will not be able to claim a deduction for the interest forfeited even though the interest received has been included in income The Senate amendment would authorize a deduction for such interest forfeitures from gross income in calculating adjusted gross income.

H.R. 12035 (Cellulose Salts)—Continued

Amdt. No.	Bill page	Description
4	7	This permits the taxpayer to claim the deduction in addition to utilizing the standard deduction or low-income allowance. (Church floor amendment adopted by voice vote.)

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H.R. 12281 (Copper)

Amdt. No.	Bill page	Description
1	2–3	*Adjustment of basis of property received from a subsidiary in certain liquidations.*—Permits State Lines, Inc., which acquired and liquidated a subsidiary (States Steamship Company) prior to July 1, 1957, to deduct a loss occasioned by a contingent liability created as a result of a reversal of a U.S. Court of Appeals decision. In such circumstances, the taxpayer who had acquired the assets of a liquidated corporation would be permitted to deduct the unanticipated loss in the year incurred in the same fashion as the liquidated corporation would have been permitted to had it remained in existence.

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H.R. 13631 (Horses)

Amdt. No.	Bill page	Description
1	2–3	*Judicial review of decisions of Provider Reimbursement Review Board.*—Present law grants judicial review to providers of Medicare services only when the Secretary of HEW on his own motion reverses or modifies adversely to the provider a decision of the Provider Reimbursement Review Board. The amendment gives providers the option of judicial review of any board decision or subsequent affirmations, modification, or reversal by the Secretary. In addition, when a provider seeks judicial review the amount in controversy shall be subject to annual interest beginning 6 months after the intermediary has made a final determination or within 6 months after final determination would have been made had it been on a timely basis.

H.R. 13631 (Horses)—Continued

Amdt. No.	Bill page	Description
3	3-4	*Supplemental security income.*—Provides that support and maintenance furnished to an individual in a nonprofit retirement home or institution will not be considered as income for the purpose of reducing his SSI payments when the cost of that support and maintenance is met by the home itself or by another nonprofit organization. (Long (on behalf of Church) floor amendment adopted by voice vote.)

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