

106TH CONGRESS  
1ST SESSION

# H. R. 544

To amend the Internal Revenue Code of 1986 to increase the small issuer exemption from pro rata allocation of interest expense of financial institutions to tax-exempt interest.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1999

Mr. HAYWORTH (for himself and Mr. LEWIS of Georgia) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the small issuer exemption from pro rata allocation of interest expense of financial institutions to tax-exempt interest.

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

3 **SECTION 1. INCREASE IN SMALL ISSUER EXEMPTION FROM**  
4 **PRO RATA ALLOCATION OF INTEREST EX-**  
5 **PENSE OF FINANCIAL INSTITUTIONS TO TAX-**  
6 **EXEMPT INTEREST.**

7 (a) IN GENERAL.—Subparagraphs (C) and (D) of  
8 section 265(b)(3) of the Internal Revenue Code of 1986

1 (pro rata allocation of interest expense of financial institu-  
2 tions to tax-exempt interest) are each amended by striking  
3 “\$10,000,000” each place it appears and inserting  
4 “\$25,000,000”.

5 (b) EFFECTIVE DATE.—The amendment made by  
6 subsection (a) shall apply to bonds issued after the date  
7 of the enactment of this Act.

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