

Calendar No. 212

106TH CONGRESS
1ST Session
S. 1387

A BILL

To extend certain trade preferences to sub-Saharan
African countries.

JULY 16, 1999

Read twice and placed on the calendar

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106TH CONGRESS
1ST SESSION**S. 1387**

To extend certain trade preferences to sub-Saharan African countries.

IN THE SENATE OF THE UNITED STATES

JULY 16, 1999

Mr. ROTH, from the Committee on Finance, reported the following original bill; which was read twice and placed on the calendar

A BILL

To extend certain trade preferences to sub-Saharan African countries.

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. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “African Growth and Opportunity Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Statement of policy.
- Sec. 4. Sub-Saharan Africa defined.

TITLE I—EXTENSION OF CERTAIN TRADE BENEFITS TO SUB-SAHARAN AFRICA

- Sec. 101. Eligibility for certain benefits.
 Sec. 102. Treatment of certain textiles and apparel.
 Sec. 103. United States-sub-Saharan African trade and economic cooperation forum.
 Sec. 104. United States-sub-Saharan Africa free trade area.
 Sec. 105. Reporting requirement.

TITLE II—REVENUE PROVISIONS

- Sec. 201. Limitation on use of non-accrual experience method of accounting.
 Sec. 202. Returns relating to cancellations of indebtedness by organizations lending money.

1 SEC. 2. FINDINGS.

2 Congress finds that—

3 (1) it is in the mutual interest of the United
 4 States and the countries of sub-Saharan Africa to
 5 promote stable and sustainable economic growth and
 6 development in sub-Saharan Africa;

7 (2) the 48 countries of sub-Saharan Africa
 8 form a region richly endowed with both natural and
 9 human resources;

10 (3) sub-Saharan Africa represents a region of
 11 enormous economic potential and of enduring polit-
 12 ical significance to the United States;

13 (4) the region has experienced a rise in both
 14 economic development and political freedom as coun-
 15 tries in sub-Saharan Africa have taken steps toward
 16 liberalizing their economies and encouraged broader
 17 participation in the political process;

1 (5) the countries of sub-Saharan Africa have
2 made progress toward regional economic integration
3 that can have positive benefits for the region;

4 (6) despite those gains, the per capita income
5 in sub-Saharan Africa averages less than \$500 an-
6 nually;

7 (7) United States foreign direct investment in
8 the region has fallen in recent years and the sub-Sa-
9 haran African region receives only minor inflows of
10 direct investment from around the world;

11 (8) trade between the United States and sub-
12 Saharan Africa, apart from the import of oil, re-
13 mains an insignificant part of total United States
14 trade;

15 (9) trade and investment, as the American ex-
16 perience has shown, can represent powerful tools
17 both for economic development and for building a
18 stable political environment in which political free-
19 dom can flourish;

20 (10) increased trade and investment flows have
21 the greatest impact in an economic environment in
22 which trading partners eliminate barriers to trade
23 and capital flows and encourage the development of
24 a vibrant private sector that offers individual Afri-

1 can citizens the freedom to expand their economic
2 opportunities and provide for their families;

3 (11) offering the countries of sub-Saharan Afri-
4 ca enhanced trade preferences will encourage both
5 higher levels of trade and direct investment in sup-
6 port of the positive economic and political develop-
7 ments under way throughout the region; and

8 (12) encouraging the reciprocal reduction of
9 trade and investment barriers in Africa will enhance
10 the benefits of trade and investment for the region
11 as well as enhance commercial and political ties be-
12 tween the United States and sub-Saharan Africa.

13 **SEC. 3. STATEMENT OF POLICY.**

14 Congress supports—

15 (1) encouraging increased trade and investment
16 between the United States and sub-Saharan Africa;

17 (2) reducing tariff and nontariff barriers and
18 other obstacles to sub-Saharan African and United
19 States trade;

20 (3) expanding United States assistance to sub-
21 Saharan Africa's regional integration efforts;

22 (4) negotiating reciprocal and mutually bene-
23 ficial trade agreements, including the possibility of
24 establishing free trade areas that serve the interests

1 of both the United States and the countries of sub-
 2 Saharan Africa;

3 (5) focusing on countries committed to account-
 4 able government, economic reform, and the eradi-
 5 cation of poverty;

6 (6) strengthening and expanding the private
 7 sector in sub-Saharan Africa;

8 (7) supporting the development of civil societies
 9 and political freedom in sub-Saharan Africa; and

10 (8) establishing a United States-Sub-Saharan
 11 African Economic Cooperation Forum.

12 **SEC. 4. SUB-SAHARAN AFRICA DEFINED.**

13 In this Act, the terms “sub-Saharan Africa”, “sub-
 14 Saharan African country”, “country in sub-Saharan Afri-
 15 ca”, and “countries in sub-Saharan Africa” refer to the
 16 following:

17 (1) Republic of Angola (Angola).

18 (2) Republic of Botswana (Botswana).

19 (3) Republic of Burundi (Burundi).

20 (4) Republic of Cape Verde (Cape Verde).

21 (5) Republic of Chad (Chad).

22 (6) Democratic Republic of Congo.

23 (7) Republic of the Congo (Congo).

24 (8) Republic of Djibouti (Djibouti).

25 (9) State of Eritrea (Eritrea).

- 1 (10) Gabonese Republic (Gabon).
- 2 (11) Republic of Ghana (Ghana).
- 3 (12) Republic of Guinea-Bissau (Guinea-
- 4 Bissau).
- 5 (13) Kingdom of Lesotho (Lesotho).
- 6 (14) Republic of Madagascar (Madagascar).
- 7 (15) Republic of Mali (Mali).
- 8 (16) Republic of Mauritius (Mauritius).
- 9 (17) Republic of Namibia (Namibia).
- 10 (18) Federal Republic of Nigeria (Nigeria).
- 11 (19) Democratic Republic of Sao Tome and
- 12 Principe (Sao Tome and Principe).
- 13 (20) Republic of Sierra Leone (Sierra Leone).
- 14 (21) Somalia.
- 15 (22) Kingdom of Swaziland (Swaziland).
- 16 (23) Republic of Togo (Togo).
- 17 (24) Republic of Zimbabwe (Zimbabwe).
- 18 (25) Republic of Benin (Benin).
- 19 (26) Burkina Faso (Burkina).
- 20 (27) Republic of Cameroon (Cameroon).
- 21 (28) Central African Republic.
- 22 (29) Federal Islamic Republic of the Comoros
- 23 (Comoros).
- 24 (30) Republic of Cote d'Ivoire (Cote d'Ivoire).

- 1 (31) Republic of Equatorial Guinea (Equatorial
- 2 Guinea).
- 3 (32) Ethiopia.
- 4 (33) Republic of the Gambia (Gambia).
- 5 (34) Republic of Guinea (Guinea).
- 6 (35) Republic of Kenya (Kenya).
- 7 (36) Republic of Liberia (Liberia).
- 8 (37) Republic of Malawi (Malawi).
- 9 (38) Islamic Republic of Mauritania (Mauri-
- 10 tania).
- 11 (39) Republic of Mozambique (Mozambique).
- 12 (40) Republic of Niger (Niger).
- 13 (41) Republic of Rwanda (Rwanda).
- 14 (42) Republic of Senegal (Senegal).
- 15 (43) Republic of Seychelles (Seychelles).
- 16 (44) Republic of South Africa (South Africa).
- 17 (45) Republic of Sudan (Sudan).
- 18 (46) United Republic of Tanzania (Tanzania).
- 19 (47) Republic of Uganda (Uganda).
- 20 (48) Republic of Zambia (Zambia).

1 **TITLE I—EXTENSION OF CER-**
 2 **TAIN TRADE BENEFITS TO**
 3 **SUB-SAHARAN AFRICA**

4 **SEC. 101. ELIGIBILITY FOR CERTAIN BENEFITS.**

5 (a) IN GENERAL.—Title V of the Trade Act of 1974
 6 is amended by inserting after section 506 the following
 7 new section:

8 **“SEC. 506A. DESIGNATION OF SUB-SAHARAN AFRICAN**
 9 **COUNTRIES FOR CERTAIN BENEFITS.**

10 “(a) AUTHORITY TO DESIGNATE.—

11 “(1) IN GENERAL.—Notwithstanding any other
 12 provision of law, the President is authorized to des-
 13 ignate a country listed in section 4 of the African
 14 Growth and Opportunity Act as a beneficiary sub-
 15 Saharan African country eligible for the benefits de-
 16 scribed in subsection (b), if the President determines
 17 that the country—

18 “(A) has established, or is making con-
 19 tinual progress toward establishing—

20 “(i) a market-based economy, where
 21 private property rights are protected and
 22 the principles of an open, rules-based trad-
 23 ing system are observed;

24 “(ii) a democratic society, where the
 25 rule of law, political freedom, participatory

1 democracy, and the right to due process
2 and a fair trial are observed;

3 “(iii) an open trading system through
4 the elimination of barriers to United States
5 trade and investment and the resolution of
6 bilateral trade and investment disputes;
7 and

8 “(iv) economic policies to reduce pov-
9 erty, increase the availability of health care
10 and educational opportunities, expand
11 physical infrastructure, and promote the
12 establishment of private enterprise;

13 “(B) does not engage in gross violations of
14 internationally recognized human rights or pro-
15 vide support for acts of international terrorism
16 and cooperates in international efforts to elimi-
17 nate human rights violations and terrorist ac-
18 tivities; and

19 “(C) subject to the authority granted to
20 the President under section 502 (a), (d), and
21 (e), otherwise satisfies the eligibility criteria set
22 forth in section 502.

23 “(2) MONITORING AND REVIEW OF CERTAIN
24 COUNTRIES.—The President shall monitor and re-
25 view the progress of each country listed in section 4

1 of the African Growth and Opportunity Act in meet-
2 ing the requirements described in paragraph (1) in
3 order to determine the current or potential eligibility
4 of each country to be designated as a beneficiary
5 sub-Saharan African country for purposes of sub-
6 section (a). The President shall include the reasons
7 for the President’s determinations in the annual re-
8 port required by section 105 of the African Growth
9 and Opportunity Act.

10 “(3) CONTINUING COMPLIANCE.—If the Presi-
11 dent determines that a beneficiary sub-Saharan Afri-
12 can country is not making continual progress in
13 meeting the requirements described in paragraph
14 (1), the President shall terminate the designation of
15 that country as a beneficiary sub-Saharan African
16 country for purposes of this section, effective on
17 January 1 of the year following the year in which
18 such determination is made.

19 “(b) PREFERENTIAL TARIFF TREATMENT FOR CER-
20 TAIN ARTICLES.—

21 “(1) IN GENERAL.—The President may provide
22 duty-free treatment for any article described in sec-
23 tion 503(b)(1) (B) through (G) (except for textile
24 luggage) that is the growth, product, or manufacture
25 of a beneficiary sub-Saharan African country de-

1 scribed in subsection (a), if, after receiving the ad-
2 vice of the International Trade Commission in ac-
3 cordance with section 503(e), the President deter-
4 mines that such article is not import-sensitive in the
5 context of imports from beneficiary sub-Saharan Af-
6 rican countries.

7 “(2) RULES OF ORIGIN.—The duty-free treat-
8 ment provided under paragraph (1) shall apply to
9 any article described in that paragraph that meets
10 the requirements of section 503(a)(2), except that—

11 “(A) if the cost or value of materials pro-
12 duced in the customs territory of the United
13 States is included with respect to that article,
14 an amount not to exceed 15 percent of the ap-
15 praised value of the article at the time it is en-
16 tered that is attributed to such United States
17 cost or value may be applied toward deter-
18 mining the percentage referred to in subpara-
19 graph (A) of section 503(a)(2); and

20 “(B) the cost or value of the materials in-
21 cluded with respect to that article that are pro-
22 duced in one or more beneficiary sub-Saharan
23 African countries shall be applied in deter-
24 mining such percentage.

1 “(c) BENEFICIARY SUB-SAHARAN AFRICAN COUN-
 2 TRIES, ETC.—For purposes of this title, the terms ‘bene-
 3 ficiary sub-Saharan African country’ and ‘beneficiary sub-
 4 Saharan African countries’ mean a country or countries
 5 listed in section 4 of the African Growth and Opportunity
 6 Act that the President has determined is eligible under
 7 subsection (a) of this section.”.

8 (b) WAIVER OF COMPETITIVE NEED LIMITATION.—
 9 Section 503(c)(2)(D) of the Trade Act of 1974 (19 U.S.C.
 10 2463(c)(2)(D)) is amended to read as follows:

11 “(D) LEAST-DEVELOPED BENEFICIARY
 12 DEVELOPING COUNTRIES AND BENEFICIARY
 13 SUB-SAHARAN AFRICAN COUNTRIES.—Subpara-
 14 graph (A) shall not apply to any least-developed
 15 beneficiary developing country or any bene-
 16 ficiary sub-Saharan African country.”.

17 (c) TERMINATION.—Title V of the Trade Act of 1974
 18 is amended by inserting after section 505 the following
 19 new section:

20 **“SEC. 505A. TERMINATION OF BENEFITS FOR SUB-SAHARAN**
 21 **AFRICAN COUNTRIES.**

22 “‘In the case of a country listed in section 4 of the
 23 African Growth and Opportunity Act that is a beneficiary
 24 developing country, duty-free treatment provided under

1 this title shall remain in effect through September 30,
2 2006.”.

3 (d) CLERICAL AMENDMENTS.—The table of contents
4 for title V of the Trade Act of 1974 is amended—

5 (1) by inserting after the item relating to sec-
6 tion 505 the following new item:

“505A. Termination of benefits for sub-Saharan African countries.”;

7 and

8 (2) by inserting after the item relating to sec-
9 tion 506 the following new item:

“506A. Designation of sub-Saharan African countries for certain benefits.”.

10 (e) EFFECTIVE DATE.—The amendments made by
11 this section take effect on October 1, 1999.

12 **SEC. 102. TREATMENT OF CERTAIN TEXTILES AND AP-**
13 **PAREL.**

14 (a) PREFERENTIAL TREATMENT.—Notwithstanding
15 any other provision of law, textile and apparel articles de-
16 scribed in subsection (b) (including textile luggage) im-
17 ported from a beneficiary sub-Saharan African country,
18 described in section 506A(c) of the Trade Act of 1974,
19 shall enter the United States free of duty and free of any
20 quantitative limitations, if—

21 (1) the country adopts an efficient visa system
22 to guard against unlawful transshipment of textile
23 and apparel goods and the use of counterfeit docu-
24 ments; and

1 (2) the country enacts legislation or promul-
 2 gates regulations that would permit United States
 3 Customs verification teams to have the access nec-
 4 essary to investigate thoroughly allegations of trans-
 5 shipment through such country.

6 (b) PRODUCTS COVERED.—The preferential treat-
 7 ment described in subsection (a) shall apply only to the
 8 following textile and apparel products:

9 (1) APPAREL ARTICLES ASSEMBLED IN BENE-
 10 FICIARY SUB-SAHARAN AFRICAN COUNTRIES.—Ap-
 11 parel articles assembled in one or more beneficiary
 12 sub-Saharan African countries from fabrics wholly
 13 formed and cut in the United States, from yarns
 14 wholly formed in the United States that are—

15 (A) entered under subheading 9802.00.80
 16 of the Harmonized Tariff Schedule of the
 17 United States; or

18 (B) entered under chapter 61 or 62 of the
 19 Harmonized Tariff Schedule of the United
 20 States, if, after such assembly, the articles
 21 would have qualified for entry under sub-
 22 heading 9802.00.80 of the Harmonized Tariff
 23 Schedule of the United States but for the fact
 24 that the articles were subjected to stone-wash-
 25 ing, enzyme-washing, acid washing, perma-

1 pressing, oven-baking, bleaching, garment-dye-
2 ing, or other similar processes.

3 (2) APPAREL ARTICLES CUT AND ASSEMBLED
4 IN BENEFICIARY SUB-SAHARAN AFRICAN COUN-
5 TRIES.—Apparel articles cut in one or more bene-
6 ficiary sub-Saharan African countries from fabric
7 wholly formed in the United States from yarns whol-
8 ly formed in the United States, if such articles are
9 assembled in one or more beneficiary sub-Saharan
10 African countries with thread formed in the United
11 States.

12 (3) HANDLOOMED, HANDMADE, AND FOLKLORE
13 ARTICLES.—A handloomed, handmade, or folklore
14 article of a beneficiary sub-Saharan African country
15 or countries that is certified as such by the com-
16 petent authority of such beneficiary country or coun-
17 tries. For purposes of this paragraph, the President,
18 after consultation with the beneficiary sub-Saharan
19 African country or countries concerned, shall deter-
20 mine which, if any, particular textile and apparel
21 goods of the country (or countries) shall be treated
22 as being handloomed, handmade, or folklore goods.

23 (c) PENALTIES FOR TRANSHIPMENTS.—

24 (1) PENALTIES FOR EXPORTERS.—If the Presi-
25 dent determines, based on sufficient evidence, that

1 an exporter has engaged in transshipment with re-
2 spect to textile or apparel products from a bene-
3 ficiary sub-Saharan African country, then the Presi-
4 dent shall deny all benefits under this section and
5 section 506A of the Trade Act of 1974 to such ex-
6 porter, any successor of such exporter, and any
7 other entity owned or operated by the principal of
8 the exporter for a period of 2 years.

9 (2) TRANSSHIPMENT DESCRIBED.—Trans-
10 shipment within the meaning of this subparagraph
11 has occurred when preferential treatment for a tex-
12 tile or apparel article under subsection (a) has been
13 claimed on the basis of material false information
14 concerning the country of origin, manufacture, proc-
15 essing, or assembly of the article or any of its com-
16 ponents. For purposes of this clause, false informa-
17 tion is material if disclosure of the true information
18 would mean or would have meant that the article is
19 or was ineligible for preferential treatment under
20 subsection (a).

21 (d) TECHNICAL ASSISTANCE.—The Customs Service
22 shall provide technical assistance to the beneficiary sub-
23 Saharan African countries for the implementation of the
24 requirements set forth in subsection (a)(1) and (2).

1 (e) MONITORING AND REPORTS TO CONGRESS.—The
 2 Customs Service shall monitor and the Commissioner of
 3 Customs shall submit to Congress, not later than March
 4 31 of each year, a report on the effectiveness of the anti-
 5 circumvention systems described in this section and on
 6 measures taken by countries in sub-Saharan Africa which
 7 export textiles or apparel to the United States to prevent
 8 circumvention as described in article 5 of the Agreement
 9 on Textiles and Clothing.

10 (f) SAFEGUARD.—The President shall have the au-
 11 thority to impose appropriate remedies, including restric-
 12 tions on or the removal of quota-free and duty-free treat-
 13 ment provided under this section, in the event that textile
 14 and apparel articles from a beneficiary sub-Saharan Afri-
 15 can country are being imported in such increased quan-
 16 tities as to cause serious damage, or actual threat thereof,
 17 to the domestic industry producing like or directly com-
 18 petitive articles. The President shall exercise his authority
 19 under this subsection consistent with the Agreement on
 20 Textiles and Clothing.

21 (g) DEFINITIONS.—In this section:

22 (1) AGREEMENT ON TEXTILES AND CLOTH-
 23 ING.—The term “Agreement on Textiles and Cloth-
 24 ing” means the Agreement on Textiles and Clothing

1 referred to in section 101(d)(4) of the Uruguay
2 Round Agreements Act (19 U.S.C. 3511(d)(4)).

3 (2) BENEFICIARY SUB-SAHARAN AFRICAN
4 COUNTRY, ETC.—The terms “beneficiary sub-Saha-
5 ran African country” and “beneficiary sub-Saharan
6 African countries” have the same meaning as such
7 terms have under section 506A(c) of the Trade Act
8 of 1974.

9 (3) CUSTOMS SERVICE.—The term “Customs
10 Service” means the United States Customs Service.

11 (h) EFFECTIVE DATE.—The amendments made by
12 this section take effect on October 1, 1999 and shall re-
13 main in effect through September 30, 2006.

14 **SEC. 103. UNITED STATES-SUB-SAHARAN AFRICAN TRADE**
15 **AND ECONOMIC COOPERATION FORUM.**

16 (a) DECLARATION OF POLICY.—The President shall
17 convene annual meetings between senior officials of the
18 United States Government and officials of the govern-
19 ments of sub-Saharan African countries in order to foster
20 close economic ties between the United States and sub-
21 Saharan Africa.

22 (b) ESTABLISHMENT.—Not later than 12 months
23 after the date of enactment of this Act, the President,
24 after consulting with the officials of interested sub-Saha-
25 ran African governments, shall establish a United States-

1 Sub-Saharan African Trade and Economic Cooperation
2 Forum (in this section referred to as the “Forum”).

3 (c) REQUIREMENTS.—In creating the Forum, the
4 President shall meet the following requirements:

5 (1) FIRST MEETING.—The President shall di-
6 rect the Secretary of Commerce, the Secretary of the
7 Treasury, the Secretary of State, and the United
8 States Trade Representative to invite their counter-
9 parts from interested sub-Saharan African govern-
10 ments and representatives of appropriate regional
11 organizations to participate in the first annual meet-
12 ing to discuss expanding trade and investment rela-
13 tions between the United States and sub-Saharan
14 Africa.

15 (2) NONGOVERNMENTAL ORGANIZATIONS.—

16 (A) IN GENERAL.—The President, in con-
17 sultation with Congress, shall invite United
18 States nongovernmental organizations to host
19 meetings with their counterparts from sub-Sa-
20 haran Africa in conjunction with meetings of
21 the Forum for the purpose of discussing the
22 issues described in paragraph (1).

23 (B) PRIVATE SECTOR.—The President, in
24 consultation with Congress, shall invite United
25 States representatives of the private sector to

1 host meetings with their counterparts from sub-
2 Saharan Africa in conjunction with meetings of
3 the Forum for the purpose of discussing the
4 issues described in paragraph (1).

5 (3) ANNUAL MEETINGS.—As soon as prac-
6 ticable after the date of enactment of this Act, the
7 President shall meet with the heads of the govern-
8 ments of interested sub-Saharan African countries
9 for the purpose of discussing the issues described in
10 paragraph (1).

11 **SEC. 104. UNITED STATES-SUB-SAHARAN AFRICA FREE**
12 **TRADE AREA.**

13 (a) IN GENERAL.—The President shall examine the
14 feasibility of negotiating a free trade agreement (or agree-
15 ments) with interested sub-Saharan African countries.

16 (b) REPORT TO CONGRESS.—Not later than 12
17 months after the date of enactment of this Act, the Presi-
18 dent shall submit a report to the Committee on Finance
19 of the Senate and the Committee on Ways and Means of
20 the House of Representatives regarding the President's
21 conclusions on the feasibility of negotiating such agree-
22 ment (or agreements). If the President determines that
23 the negotiation of any such free trade agreement is fea-
24 sible, the President shall provide a detailed plan for such
25 negotiation that outlines the objectives, timing, any poten-

1 tial benefits to the United States and sub-Saharan Africa,
 2 and the likely economic impact of any such agreement.

3 **SEC. 105. REPORTING REQUIREMENT.**

4 Not later than 1 year after the date of enactment
 5 of this Act, and annually thereafter for 4 years, the Presi-
 6 dent shall submit a report to Congress on the implementa-
 7 tion of this Act.

8 **TITLE II—REVENUE PROVISIONS**

9 **SEC. 201. LIMITATION ON USE OF NON-ACCRUAL EXPERI-**
 10 **ENCE METHOD OF ACCOUNTING.**

11 (a) IN GENERAL.—Section 448(d)(5) of the Internal
 12 Revenue Code of 1986 (relating to special rule for serv-
 13 ices) is amended—

14 (1) by inserting “in fields described in para-
 15 graph (2)(A)” after “services by such person”, and

16 (2) by inserting “CERTAIN PERSONAL” before
 17 “SERVICES” in the heading.

18 (b) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendments made by
 20 this section shall apply to taxable years ending after
 21 the date of enactment of this Act.

22 (2) CHANGE IN METHOD OF ACCOUNTING.—In
 23 the case of any taxpayer required by the amend-
 24 ments made by this section to change its method of

accounting for its first taxable year ending after the date of enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period (not greater than 4 taxable years) beginning with such first taxable year.

SEC. 202. RETURNS RELATING TO CANCELLATIONS OF INDEBTEDNESS BY ORGANIZATIONS LENDING MONEY.

(a) IN GENERAL.—Paragraph (2) of section 6050P(c) of the Internal Revenue Code of 1986 (relating to definitions and special rules) is amended—

(1) by striking “and” at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting “, and”; and

(3) by inserting after subparagraph (C) the following new subparagraph:

1 “(D) any organization a significant trade
2 or business of which is the lending of money.”

3 (b) EFFECTIVE DATE.—The amendments made by
4 subsection (a) shall apply to discharges of indebtedness
5 after December 31, 1999.