

106TH CONGRESS  
2D SESSION

# S. 2104

To amend the Tax Reform Act of 1984.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 24, 2000

Mr. GRAMM (for himself and Mrs. HUTCHISON) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Tax Reform Act of 1984.

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. MODIFICATION OF SPECIAL ARBITRAGE RULE**  
4       **FOR CERTAIN FUNDS.**

5       (a) IN GENERAL.—Paragraph (1) of section 648 of  
6       the Tax Reform Act of 1984 is amended to read as fol-  
7       lows:

8               “(1) such securities or obligations are held in a  
9       fund—

10               “(A) which, except to the extent of the in-  
11       vestment earnings on such securities or obliga-  
12       tions, cannot be used, under State constitu-

1            tional or statutory restrictions continuously in  
2            effect since October 9, 1969, through the date  
3            of issue of the bond issue, to pay debt service  
4            on the bond issue or to finance the facilities  
5            that are to be financed with the proceeds of the  
6            bonds, or

7            “(B) the annual distributions from which  
8            cannot exceed 7 percent of the average fair  
9            market value of the assets held in such fund ex-  
10          cept to the extent distributions are necessary to  
11          pay debt service on the bond issue,”.

12          (b) CONFORMING AMENDMENT.—Paragraph (3) of  
13          such section is amended by striking “the investment earn-  
14          ings of” and inserting “distributions from”.

15          (c) EFFECTIVE DATE.—The amendments made by  
16          this section shall take effect on January 1, 2000.

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