

108TH CONGRESS  
1ST SESSION

# H. R. 2360

To provide for qualified withdrawals from the Capital Construction Fund for fishermen leaving the industry and for the rollover of Capital Construction Funds to individual retirement plans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 2003

Mrs. CAPPES (for herself, Mr. THOMPSON of California, Mr. BLUMENAUER, Mr. WU, Mr. FARR, Mr. GEORGE MILLER of California, and Mr. DEFAZIO) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide for qualified withdrawals from the Capital Construction Fund for fishermen leaving the industry and for the rollover of Capital Construction Funds to individual retirement plans, and for other purposes.

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.**

4       This Act may be cited as the “Capital Construction  
5       Fund Qualified Withdrawal Act of 2003”.

1 **SEC. 2. AMENDMENT OF THE MERCHANT MARINE ACT OF**  
2 **1936 TO ENCOURAGE RETIREMENT OF CER-**  
3 **TAIN FISHING VESSELS AND PERMITS.**

4 (a) IN GENERAL.—Section 607(a) of the Merchant  
5 Marine Act, 1936 (46 U.S.C. App. 1177(a)) is amended  
6 by adding at the end the following: “Any agreement en-  
7 tered into under this section may be modified for the pur-  
8 pose of encouraging the sustainability of the fisheries of  
9 the United States by making the termination and with-  
10 drawal of a capital construction fund a qualified with-  
11 drawal if done in exchange for the retirement of the re-  
12 lated commercial fishing vessels and related commercial  
13 fishing permits.”.

14 (b) NEW QUALIFIED WITHDRAWALS.—

15 (1) IN GENERAL.—Section 607(f)(1) of the  
16 Merchant Marine Act, 1936 (46 U.S.C. App.  
17 1177(f)(1)) is amended—

18 (A) by striking “for:” and inserting  
19 “for—”;

20 (B) by striking “vessel” in subparagraph  
21 (A) and inserting “vessel;”;

22 (C) by striking “vessel, or” in subpara-  
23 graph (B) and inserting “vessel;”;

24 (D) by striking “vessel.” in subparagraph  
25 (C) and inserting “vessel;”; and

1 (E) by inserting after subparagraph (C)  
2 the following:

3                     “(D) the payment of an industry fee au-  
4                     thorized by the fishing capacity reduction pro-  
5                     gram under section 312(b) of the Magnuson-  
6                     Stevens Fishery Conservation and Management  
7                     Act (16 U.S.C. 1861a(b));

8                             “(E) in the case of any such person or  
9 shareholder for whose benefit such fund was es-  
10 tablished with respect to any vessel operated in  
11 the fisheries of the United States, or any share-  
12 holder of such person, a rollover contribution  
13 (within the meaning of section 408(d)(3) of the  
14 Internal Revenue Code of 1986) to such per-  
15 son’s or shareholder’s individual retirement plan  
16 (as defined in section 7701(a)(37) of such  
17 Code);

18                   “(F) the payment of the net proceeds de-  
19                   posited into the fund from a sale described in  
20                   subsection (b)(1)(C)(ii) to a person retiring re-  
21                   lated commercial fishing vessels and permits;

22                             “(G) the acquisition of a vessel monitoring  
23                             system as a safety improvement for a fishing  
24                             vessel; or

1                     “(H) the acquisition or construction of  
2                     fishing gear designed to minimize or avoid by-  
3                     catch as required under section 301(a)(9) of the  
4                     Magnuson-Stevens Fishery Conservation and  
5                     Management Act (16 U.S.C. 1851(a)(9)).”.

6                     (2) REDUCTION PROGRAM SALE PROCEEDS AL-  
7                     LOWED IN DETERMINING DEPOSIT CEILING.—Sec-  
8                     tion 607(b)(1)(C) of such Act (46 U.S.C. App.  
9                     1177(b)(1)(C)) is amended by striking “or (ii)” and  
10                    inserting “(ii) the sale of any agreement vessel or  
11                    fishing permit retired through the fishing capacity  
12                    reduction program under section 312(b) of the Mag-  
13                    nuson-Stevens Fishery Conservation and Manage-  
14                    ment Act (16 U.S.C. 1861a(b)), or (iii)”.

15                    (3) CERTAIN QUALIFIED WITHDRAWALS TREAT-  
16                    ED AS WITHDRAWN FROM THE CAPITAL ACCOUNT.—  
17                    Section 607(e)(2)(B) of such Act (46 U.S.C. App.  
18                    1177(e)(2)(B)) is amended by adding at the end  
19                    “unless such portion represents gain from a sale de-  
20                    scribed in subsection (b)(1)(C)(ii) and is withdrawn  
21                    for any purpose provided under subparagraph (D),  
22                    (E), or (F) of subsection (f)(1),”.

23                    (4) SECRETARY TO ENSURE RETIREMENT OF  
24                    VESSELS AND PERMITS.—The Secretary of Com-  
25                    merce by regulation shall establish procedures to en-

1 sure that any person making a qualified withdrawal  
2 authorized by section 607(f)(1)(F) of the Merchant  
3 Marine Act, 1936 (46 U.S.C. App. 1177(f)(1)(F))  
4 retires the related commercial use of fishing vessels  
5 and commercial fishery permits.

6 (c) CONFORMING AMENDMENTS.—

7 (1) IN GENERAL.—Section 7518(e)(1) of the  
8 Internal Revenue Code of 1986 (relating to purposes  
9 of qualified withdrawals) is amended—

10 (A) by striking “for:” and inserting  
11 “for—”;

12 (B) by striking “vessel, or” in subparagraph  
13 (B) and inserting “vessel;”;

14 (C) by striking “vessel.” in subparagraph  
15 (C) and inserting “vessel;”;

16 (D) by inserting after subparagraph (C)  
17 the following:

18 “(D) the payment of an industry fee au-  
19 thorized by the fishing capacity reduction pro-  
20 gram under section 312 of the Magnuson-Stew-  
21 ens Fishery Conservation and Management  
22 Act (16 U.S.C. 1861a);

23 “(E) in the case of any person or share-  
24 holder for whose benefit such fund was estab-  
25 lished with respect to any vessel operated in the

6                     “(F) the payment of the net proceeds de-  
7                     posited into the fund from a sale described in  
8                     subsection (a)(1)(C)(ii) to a person retiring re-  
9                     lated commercial fishing vessels and permits;

10                             “(G) the acquisition of a vessel monitoring  
11                             system as a safety improvement for a fishing  
12                             vessel; or

13                   “(H) the acquisition or construction of  
14 fishing gear designed to minimize or avoid by-  
15 catch as required under section 301(a)(9) of the  
16 Magnuson-Stevens Fishery Conservation and  
17 Management Act (16 U.S.C. 1851(a)(9)).”.

1 ing capacity reduction program under sec-  
2 tion 312(b) of the Magnuson-Stevens Fish-  
3 ery Conservation and Management Act (16  
4 U.S.C. 1861a(b)), or”.

21 (d) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to withdrawals made after the date  
23 of enactment of this Act.

