

109TH CONGRESS
1ST SESSION

H. R. 3533

To amend the Internal Revenue Code of 1986 to provide that net operating losses shall not be reduced in connection with a discharge of indebtedness in certain chapter 11 bankruptcy cases involving asbestos-related claims.

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2005

Mr. CAMP introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that net operating losses shall not be reduced in connection with a discharge of indebtedness in certain chapter 11 bankruptcy cases involving asbestos-related claims.

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. ELECTION NOT TO REDUCE NOLS IN CONNEC-**
4 **TION WITH DISCHARGES OF INDEBTEDNESS**
5 **IN CERTAIN ASBESTOS-RELATED BANK-**
6 **RUPTCY CASES.**

7 (a) IN GENERAL.—Subsection (b) of section 108 of
8 the Internal Revenue Code of 1986 (relating to reduction

1 of tax attributes) is amended by adding at the end the
2 following new paragraph:

3 “(6) ELECTION NOT TO REDUCE NOLS IN CER-
4 TAIN ASBESTOS-RELATED TITLE 11 CASES.—

5 “(A) IN GENERAL.—With respect to
6 amounts excluded from gross income under sub-
7 section (a)(1)(A) by reason of a discharge re-
8 ceived in a specified chapter 11 case, this sub-
9 section may, at the election of the taxpayer (at
10 such time and in such form and manner as the
11 Secretary may prescribe), be applied to such
12 amounts without regard to paragraph (2)(A) if
13 the aggregate amount of the specified asbestos-
14 related liabilities of the taxpayer exceeds
15 \$250,000,000.

16 “(B) SPECIAL RULES FOR AFFILIATED
17 GROUPS.—If the taxpayer is a member of an af-
18 filiated group (as defined in section 1504)
19 which files a consolidated return under section
20 1501, subparagraph (A) shall be applied (for
21 purposes of determining if the aggregate
22 amount of the specified asbestos-related liabil-
23 ities of the taxpayer exceeds \$250,000,000) by
24 taking into account the specified asbestos-re-
25 lated liabilities of each member of such group

1 which is a debtor in a specified chapter 11 case
2 which is jointly administered under chapter 11
3 of title 11, United States Code, with the speci-
4 fied chapter 11 case of the taxpayer.

5 “(C) SPECIFIED ASBESTOS-RELATED LI-
6 ABILITIES.—For purposes of this paragraph,
7 the term ‘specified asbestos-related liabilities’
8 means the aggregate amount of claims and de-
9 mands against the debtor payable from a trust
10 with respect to which an injunction under sec-
11 tion 524(g) of title 11, United States Code, is
12 in effect.

13 “(D) SPECIFIED CHAPTER 11 CASE.—For
14 purposes of this paragraph, the term ‘specified
15 chapter 11 case’ means a case commenced
16 under chapter 11 of title 11, United States
17 Code, before July 28, 2005, and with respect to
18 which a discharge under such chapter is re-
19 ceived on or after such date.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to discharges received on or after
22 July 28, 2005, in taxable years ending on or after such
23 date.

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