

the American Hellenic Educational Progressive Association; to the Committee on the Judiciary.

By Ms. HEITKAMP (for herself, Mr. HELLER, Mr. BLUMENTHAL, Mr. INHOFE, Mrs. MURRAY, Mr. TILLIS, Mr. DURBIN, Mr. MORAN, Ms. STABENOW, Mr. THUNE, Mr. HOEVEN, Mr. GRASSLEY, Ms. BALDWIN, Mr. BOOKER, Mr. BROWN, Mr. WARNER, Mr. DONNELLY, Mr. CRAPO, Mr. FRANKEN, Mr. ROBERTS, Mr. TESTER, Ms. HIRONO, and Ms. COLLINS):

S. Res. 215. A resolution designating the month of June 2015 as “National Post-Traumatic Stress Disorder Awareness Month” and June 27, 2015, as “National Post-Traumatic Stress Disorder Awareness Day”; considered and agreed to.

By Mrs. FEINSTEIN:

S. Res. 216. A resolution recognizing the month of June 2015 as “Immigrant Heritage Month”, a celebration of the accomplishments and contributions immigrants and their children have made in shaping the history, strengthening the economy, and enriching the culture of the United States; to the Committee on the Judiciary.

#### ADDITIONAL COSPONSORS

S. 139

At the request of Mr. WYDEN, the name of the Senator from Kansas (Mr. ROBERTS) was added as a cosponsor of S. 139, a bill to permanently allow an exclusion under the Supplemental Security Income program and the Medicaid program for compensation provided to individuals who participate in clinical trials for rare diseases or conditions.

S. 439

At the request of Mr. FRANKEN, the name of the Senator from Oregon (Mr. MERKLEY) was added as a cosponsor of S. 439, a bill to end discrimination based on actual or perceived sexual orientation or gender identity in public schools, and for other purposes.

S. 681

At the request of Mrs. GILLIBRAND, the name of the Senator from Idaho (Mr. CRAPO) was added as a cosponsor of S. 681, a bill to amend title 38, United States Code, to clarify presumptions relating to the exposure of certain veterans who served in the vicinity of the Republic of Vietnam, and for other purposes.

S. 697

At the request of Mr. UDALL, the names of the Senator from Utah (Mr. HATCH), the Senator from New Hampshire (Ms. AYOTTE) and the Senator from Montana (Mr. DAINES) were added as cosponsors of S. 697, a bill to amend the Toxic Substances Control Act to reauthorize and modernize that Act, and for other purposes.

S. 804

At the request of Ms. COLLINS, the name of the Senator from Mississippi (Mr. WICKER) was added as a cosponsor of S. 804, a bill to amend title XVIII of the Social Security Act to specify coverage of continuous glucose monitoring devices, and for other purposes.

S. 890

At the request of Ms. CANTWELL, the names of the Senator from Pennsyl-

vania (Mr. CASEY) and the Senator from Maryland (Mr. CARDIN) were added as cosponsors of S. 890, a bill to amend title 54, United States Code, to provide consistent and reliable authority for, and for the funding of, the Land and Water Conservation Fund to maximize the effectiveness of the Fund for future generations, and for other purposes.

S. 957

At the request of Mrs. SHAHEEN, the name of the Senator from Colorado (Mr. BENNET) was added as a cosponsor of S. 957, a bill to increase access to capital for veteran entrepreneurs to help create jobs.

S. 987

At the request of Mr. WYDEN, the name of the Senator from Kentucky (Mr. PAUL) was added as a cosponsor of S. 987, a bill to amend the Internal Revenue Code of 1986 to allow deductions and credits relating to expenditures in connection with marijuana sales conducted in compliance with State law.

S. 1016

At the request of Mr. SCOTT, his name was withdrawn as a cosponsor of S. 1016, a bill to preserve freedom and choice in health care.

S. 1140

At the request of Mr. BARRASSO, the name of the Senator from Wyoming (Mr. ENZI) was added as a cosponsor of S. 1140, a bill to require the Secretary of the Army and the Administrator of the Environmental Protection Agency to propose a regulation revising the definition of the term “waters of the United States”, and for other purposes.

S. 1250

At the request of Ms. KLOBUCHAR, the name of the Senator from Connecticut (Mr. BLUMENTHAL) was added as a cosponsor of S. 1250, a bill to encourage States to require the installation of residential carbon monoxide detectors in homes, and for other purposes.

S. 1403

At the request of Mr. NELSON, his name was added as a cosponsor of S. 1403, a bill to amend the Magnuson-Stevens Fishery Conservation and Management Act to promote sustainable conservation and management for the Gulf of Mexico and South Atlantic fisheries and the communities that rely on them, and for other purposes.

S. 1438

At the request of Ms. AYOTTE, the name of the Senator from Alaska (Ms. MURKOWSKI) was added as a cosponsor of S. 1438, a bill to allow women greater access to safe and effective contraception.

S. 1495

At the request of Mr. TOOMEY, the name of the Senator from Wyoming (Mr. ENZI) was added as a cosponsor of S. 1495, a bill to curtail the use of changes in mandatory programs affecting the Crime Victims Fund to inflate spending.

S. 1512

At the request of Mr. CASEY, the name of the Senator from Rhode Island

(Mr. WHITEHOUSE) was added as a cosponsor of S. 1512, a bill to eliminate discrimination and promote women's health and economic security by ensuring reasonable workplace accommodations for workers whose ability to perform the functions of a job are limited by pregnancy, childbirth, or a related medical condition.

S. 1513

At the request of Mr. LEAHY, the name of the Senator from Michigan (Mr. PETERS) was added as a cosponsor of S. 1513, a bill to reauthorize the Second Chance Act of 2007.

S. 1538

At the request of Mr. DURBIN, the name of the Senator from Michigan (Mr. PETERS) was added as a cosponsor of S. 1538, a bill to reform the financing of Senate elections, and for other purposes.

S. 1580

At the request of Mr. TESTER, the name of the Senator from Wisconsin (Mr. JOHNSON) was added as a cosponsor of S. 1580, a bill to allow additional appointing authorities to select individuals from competitive service certificates.

S. 1591

At the request of Mr. TESTER, the name of the Senator from Michigan (Mr. PETERS) was added as a cosponsor of S. 1591, a bill to amend title 5, United States Code, to provide a pathway for temporary seasonal employees in Federal land management agencies to compete for vacant permanent positions under internal merit promotion procedures, and for other purposes.

S. 1603

At the request of Mr. FLAKE, the name of the Senator from Wisconsin (Ms. BALDWIN) was added as a cosponsor of S. 1603, a bill to actively recruit members of the Armed Forces who are separating from military service to serve as Customs and Border Protection Officers.

S. 1632

At the request of Ms. COLLINS, the names of the Senator from Wisconsin (Ms. BALDWIN), the Senator from Nebraska (Mrs. FISCHER), the Senator from Maryland (Ms. MIKULSKI), the Senator from Minnesota (Ms. KLOBUCHAR), the Senator from California (Mrs. FEINSTEIN), the Senator from New York (Mrs. GILLIBRAND), the Senator from Alaska (Ms. MURKOWSKI), the Senator from Washington (Ms. CANTWELL) and the Senator from New Hampshire (Mrs. SHAHEEN) were added as cosponsors of S. 1632, a bill to require a regional strategy to address the threat posed by Boko Haram.

S. 1641

At the request of Ms. BALDWIN, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 1641, a bill to improve the use by the Department of Veterans Affairs of opioids in treating veterans, to improve patient advocacy by the Department, and to expand availability of

complementary and integrative health, and for other purposes.

S. 1643

At the request of Mr. BLUNT, the name of the Senator from New Hampshire (Mrs. SHAHEEN) was added as a cosponsor of S. 1643, a bill to require a report on actions to secure the safety and security of dissidents housed at Camp Liberty, Iraq.

S. 1659

At the request of Mr. LEAHY, the name of the Senator from New Jersey (Mr. MENENDEZ) was added as a cosponsor of S. 1659, a bill to amend the Voting Rights Act of 1965 to revise the criteria for determining which States and political subdivisions are subject to section 4 of the Act, and for other purposes.

S. 1676

At the request of Mr. TESTER, the names of the Senator from Hawaii (Mr. SCHATZ) and the Senator from New Mexico (Mr. UDALL) were added as cosponsors of S. 1676, a bill to increase the number of graduate medical education positions treating veterans, to improve the compensation of health care providers, medical directors, and directors of Veterans Integrated Service Networks of the Department of Veterans Affairs, and for other purposes.

S. RES. 207

At the request of Mr. CASEY, the name of the Senator from New Hampshire (Mrs. SHAHEEN) was added as a cosponsor of S. Res. 207, a resolution recognizing threats to freedom of the press and expression around the world and reaffirming freedom of the press as a priority in efforts of the United States Government to promote democracy and good governance.

S. RES. 211

At the request of Mr. CARDIN, the name of the Senator from New Hampshire (Mrs. SHAHEEN) was added as a cosponsor of S. Res. 211, a resolution expressing the sense of the Senate regarding Srebrenica.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WYDEN:

S. 1687. A bill to amend the Internal Revenue Code of 1986 to restrict the insurance business exception to passive foreign investment company rules; to the Committee on Finance.

Mr. WYDEN. Mr. President, I rise today to introduce the Offshore Reinsurance Tax Fairness Act. This bill closes a tax loophole that is being used by some U.S.-based hedge funds that set up insurance companies in places like Bermuda and the Cayman Islands where they aren't taxed and where their earnings are sheltered from U.S. taxes. Offshore businesses that reinsure risks and that invest in U.S. hedge funds create the potential for tax avoidance of hundreds of millions of dollars.

Under these arrangements, a hedge fund or hedge fund investors make a

capital investment in an offshore reinsurance company. The offshore reinsurance company then reinvests that capital, as well as premiums it receives, in the hedge fund. The owners of the reinsurer take the position that they are not taxed on corporate earnings until either those earnings are distributed, or the investors sell the corporation's stock at a gain reflecting those earnings.

However, the hedge fund "reinsurers" are taking advantage of an exception to the passive foreign investment company—or PFIC—rules of U.S. tax law. The PFIC rules are designed to prevent U.S. taxpayers from delaying U.S. tax on investment income by holding investments through offshore corporations. However, the PFIC rules provide an exception for income derived from the active conduct of an insurance business. The exception applies to income derived from the active conduct of an insurance business by a corporation which is predominantly engaged in an insurance business and which would be subject to tax under Subchapter L if it were a domestic corporation.

Current law does not prescribe how much insurance or reinsurance business the company must do to be considered predominantly engaged in an insurance business. Our investigative efforts show that some companies that are not legitimate insurance companies are taking advantage of this favorable tax treatment.

About a year ago I asked the Treasury Department and IRS to issue guidance to shut down this abuse. And in April, Treasury and IRS issued regulations that take a first step at addressing this issue. However, while the guidance offers clarity in this area, a legislative fix is required to fully close this loophole.

Therefore, today I am introducing the Offshore Reinsurance Tax Fairness Act to shut down this abuse once and for all. My bill would provide a bright-line test for determining whether a company is truly an insurance company for purposes of the exception to the PFIC rules.

Under the new rule, to be considered an insurance company, the company's insurance liabilities must exceed 25 percent of its assets. If the company fails to qualify because it has 25 percent or less—but not less than 10 percent—in insurance liability assets, the company may still be predominantly engaged in the insurance business based on facts and circumstances. A company with less than 10 percent of insurance liability assets will not be considered an insurance company and, therefore, would be ineligible for the PFIC exception and subject to current taxation.

The Offshore Reinsurance Tax Fairness Act will disqualify most of the hedge fund reinsurance companies that are taking advantage of the current law loophole, making them ineligible for the PFIC exception and stopping this abuse. I look forward to working

with my colleagues to enact this important reform.

Mr. President, I ask unanimous consent that the text of the bill and a technical explanation be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1687

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Offshore Reinsurance Tax Fairness Act".

#### SEC. 2. RESTRICTION ON INSURANCE BUSINESS EXCEPTION TO PASSIVE FOREIGN INVESTMENT COMPANY RULES.

(a) IN GENERAL.—Section 1297(b)(2)(B) of the Internal Revenue Code of 1986 is amended to read as follows:

“(B) derived in the active conduct of an insurance business by a qualifying insurance corporation (as defined in subsection (f)).”

(b) QUALIFYING INSURANCE CORPORATION DEFINED.—Section 1297 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(f) QUALIFYING INSURANCE CORPORATION.—For purposes of subsection (b)(2)(B)—

“(1) IN GENERAL.—The term 'qualifying insurance corporation' means, with respect to any taxable year, a foreign corporation—

“(A) which would be subject to tax under subchapter L if such corporation were a domestic corporation, and

“(B) the applicable insurance liabilities of which constitute more than 25 percent of its total assets, determined on the basis of such liabilities and assets as reported on the corporation's applicable financial statement for the last year ending with or within the taxable year.

“(2) ALTERNATIVE FACTS AND CIRCUMSTANCES TEST FOR CERTAIN CORPORATIONS.—If a corporation fails to qualify as a qualified insurance corporation under paragraph (1) solely because the percentage determined under paragraph (1)(B) is 25 percent or less, a United States person that owns stock in such corporation may elect to treat such stock as stock of a qualifying insurance corporation if—

“(A) the percentage so determined for the corporation is at least 10 percent, and

“(B) under regulations provided by the Secretary, based on the applicable facts and circumstances—

“(i) the corporation is predominantly engaged in an insurance business, and

“(ii) such failure is due solely to temporary circumstances involving such insurance business.

“(3) APPLICABLE INSURANCE LIABILITIES.—For purposes of this subsection—

“(A) IN GENERAL.—The term 'applicable insurance liabilities' means, with respect to any life or property and casualty insurance business—

“(i) loss and loss adjustment expenses, and

“(ii) reserves (other than deficiency, contingency, or unearned premium reserves) for life and health insurance risks and life and health insurance claims with respect to contracts providing coverage for mortality or morbidity risks.

“(B) LIMITATIONS ON AMOUNT OF LIABILITIES.—Any amount determined under clause (i) or (ii) of subparagraph (A) shall not exceed the lesser of such amount—

“(i) as reported to the applicable insurance regulatory body in the applicable financial statement described in paragraph (4)(A) (or, if less, the amount required by applicable law or regulation), or