

Public Law 88-554

AN ACT

August 31, 1964
[H. R. 10467]

To continue for a temporary period certain existing rules relating to the deductibility of accrued vacation pay, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 97 of the Technical Amendments Act of 1958, as amended (26 U.S.C., sec. 162, note), is amended by striking out "January 1, 1965," and inserting in lieu thereof "January 1, 1967."

Taxes.
Vacation pay,
deductibility,
72 Stat. 1672;
77 Stat. 272.

SEC. 2. (a) For purposes of the tax imposed by section 2001 of the Internal Revenue Code of 1954, the value of the taxable estate of Carbon P. Dubbs, who died on August 21, 1962, shall be determined by deducting from the value of the gross estate of such Carbon P. Dubbs (in addition to all other deductions and exemptions allowed by part IV of subchapter A of chapter 11 of such Code) \$808,147.87, if cash in the amount of \$779,699.17 and household furnishings and equipment with a fair market value of \$28,448.70 are transferred, on or before the sixtieth day after the date of the enactment of this Act, to the Department of State of the United States pursuant to and in accordance with the offer of bequest dated February 19, 1963, from the estate of such Carbon P. Dubbs (accepted by the Secretary of State pursuant to section 1021 of the Foreign Service Act of 1946 (22 U.S.C. 809 (1958)), on June 5, 1963). The deduction provided for in this section shall be treated for purposes of the Internal Revenue Code of 1954 as if it had been provided for under section 2055 of such Code, on August 21, 1962.

68A Stat. 373.
26 USC 2001.

26 USC 2051-
2056.

60 Stat. 1031.

26 USC 2055.

(b) The Commissioner of Internal Revenue is authorized to enter into a closing agreement under section 7121 of the Internal Revenue Code of 1954 to meet and satisfy the condition set forth in subparagraph (B) of the eleventh paragraph of the Agreement, as amended, made as of May 1, 1964, with respect to the probate proceedings relating to the estate of Anna Gould de Talleyrand (entitled "Probate Proceeding, Will of Anna Gould de Talleyrand, Deceased", in the Surrogate's Court of the County of New York, State of New York (file No. P3878-1961)), between the United States of America, the National Trust for Historic Preservation, the First National City Bank of New York, and others. The enactment of this subsection shall constitute approval of such closing agreement and of the allowance of the deductions in computing the taxable estate of Anna Gould de Talleyrand specified in subparagraph (B) of the eleventh paragraph of such Agreement.

26 USC 7121.

SEC. 3. (a) The Secretary of Commerce is authorized and directed to investigate and study the feasibility of imposing taxes on those transit and commuter systems which are the beneficiaries of Federal financial assistance under the Urban Mass Transportation Act of 1964 for the purpose of raising revenues to defray Federal expenditures under such Act.

Transit systems.
Taxation stud-
ies.

Ante, p. 302.

(b) In making the investigation and study under subsection (a), the Secretary of Commerce is authorized to cooperate and consult with appropriate Federal, State, and local government agencies, and with representatives of the transit and commuter service industry and national organizations concerned with mass transportation service.

(c) The costs of making the investigation and study under subsection (a) shall be paid from appropriations available for expenses of the Office of the Secretary of Commerce.

(d) The Secretary of Commerce shall report the results of the investigation and study under subsection (a), together with his recommendations, to the Committee on Finance of the Senate and the Com-

Report to con-
gressional com-
mittees.

mittee on Ways and Means of the House of Representatives at the earliest practicable date, but not later than June 30, 1965.

68A Stat. 99.
26 USC 318.

SEC. 4. (a) Section 318(a) of the Internal Revenue Code of 1954 (relating to constructive ownership of stock) is amended by striking out paragraphs (2), (3), and (4) and inserting in lieu thereof the following:

“(2) **ATtribution FROM PARTNERSHIPS, ESTATES, TRUSTS, AND CORPORATIONS.**—

“(A) **FROM PARTNERSHIPS AND ESTATES.**—Stock owned, directly or indirectly, by or for a partnership or estate shall be considered as owned proportionately by its partners or beneficiaries.

“(B) **FROM TRUSTS.**—

“(i) Stock owned, directly or indirectly, by or for a trust (other than an employees’ trust described in section 401(a) which is exempt from tax under section 501(a)) shall be considered as owned by its beneficiaries in proportion to the actuarial interest of such beneficiaries in such trust.

“(ii) Stock owned, directly or indirectly, by or for any portion of a trust of which a person is considered the owner under subpart E of part I of subchapter J (relating to grantors and others treated as substantial owners) shall be considered as owned by such person.

“(C) **FROM CORPORATIONS.**—If 50 percent or more in value of the stock in a corporation is owned, directly or indirectly, by or for any person, such person shall be considered as owning the stock owned, directly or indirectly, by or for such corporation, in that proportion which the value of the stock which such person so owns bears to the value of all the stock in such corporation.

“(3) **ATtribution TO PARTNERSHIPS, ESTATES, TRUSTS, AND CORPORATIONS.**—

“(A) **TO PARTNERSHIPS AND ESTATES.**—Stock owned, directly or indirectly, by or for a partner or a beneficiary of an estate shall be considered as owned by the partnership or estate.

“(B) **TO TRUSTS.**—

“(i) Stock owned, directly or indirectly, by or for a beneficiary of a trust (other than an employees’ trust described in section 401(a) which is exempt from tax under section 501(a)) shall be considered as owned by the trust, unless such beneficiary’s interest in the trust is a remote contingent interest. For purposes of this clause, a contingent interest of a beneficiary in a trust shall be considered remote if, under the maximum exercise of discretion by the trustee in favor of such beneficiary, the value of such interest, computed actuarially, is 5 percent or less of the value of the trust property.

“(ii) Stock owned, directly or indirectly, by or for a person who is considered the owner of any portion of a trust under subpart E of part I of subchapter J (relating to grantors and others treated as substantial owners) shall be considered as owned by the trust.

“(C) **TO CORPORATIONS.**—If 50 percent or more in value of the stock in a corporation is owned, directly or indirectly, by or for any person, such corporation shall be considered as owning the stock owned, directly or indirectly, by or for such person.

76 Stat. 809.
26 USC 401.
26 USC 501.

26 USC 671-
678.

"(4) **OPTIONS.**—If any person has an option to acquire stock, such stock shall be considered as owned by such person. For purposes of this paragraph, an option to acquire such an option, and each one of a series of such options, shall be considered as an option to acquire such stock.

"(5) **OPERATING RULES.**—

"(A) **IN GENERAL.**—Except as provided in subparagraphs (B) and (C), stock constructively owned by a person by reason of the application of paragraph (1), (2), (3), or (4), shall, for purposes of applying paragraphs (1), (2), (3), and (4), be considered as actually owned by such person.

"(B) **MEMBERS OF FAMILY.**—Stock constructively owned by an individual by reason of the application of paragraph (1) shall not be considered as owned by him for purposes of again applying paragraph (1) in order to make another the constructive owner of such stock.

"(C) **PARTNERSHIPS, ESTATES, TRUSTS, AND CORPORATIONS.**—Stock constructively owned by a partnership, estate, trust, or corporation by reason of the application of paragraph (3) shall not be considered as owned by it for purposes of applying paragraph (2) in order to make another the constructive owner of such stock.

"(D) **OPTION RULE IN LIEU OF FAMILY RULE.**—For purposes of this paragraph, if stock may be considered as owned by an individual under paragraph (1) or (4), it shall be considered as owned by him under paragraph (4)."

(b)(1) Section 304(b)(1) (relating to rule for determinations under section 302(b)) and section 304(c)(2) (relating to constructive ownership) of the Internal Revenue Code of 1954 are amended by striking out "section 318(a)(2)(C)" and inserting in lieu thereof "sections 318(a)(2)(C) and 318(a)(3)(C)".

68A Stat. 89.
26 USC 304.

(2) Section 318(b) of such Code (relating to cross-references) is amended by striking out "and" at the end of paragraph (6), by renumbering paragraph (7) as paragraph (8), and by inserting after paragraph (6) the following new paragraph:

26 USC 318.

"(7) section 958(b) (relating to constructive ownership rules with respect to controlled foreign corporations); and"

(3) Section 382(a)(3) of such Code (relating to attribution of ownership) is amended by striking out "section 318(a)(2)(C)" and inserting in lieu thereof "sections 318(a)(2)(C) and 318(a)(3)(C)".

26 USC 382.

(4) Section 856(d) of such Code (relating to rents from real property defined) is amended by striking out "section 318(a)(2)" in the last sentence and inserting in lieu thereof "sections 318(a)(2) and 318(a)(3)".

74 Stat. 1004.
26 USC 856.

(5) Section 958(b) of such Code (relating to constructive ownership) is amended—

76 Stat. 1018.
26 USC 958.

(A) by striking out "the first sentence of subparagraphs (A) and (B), and in applying clause (i) of subparagraph (C)," in paragraph (2) and inserting in lieu thereof "subparagraphs (A), (B), and (C)";

(B) by striking out paragraph (3);

(C) by striking out "(4) In applying clause (i) of subparagraph (C)" and inserting in lieu thereof "(3) In applying subparagraph (C)"; and

(D) by striking out "(5) The second sentence of subparagraphs (A) and (B), and clause (ii) of subparagraph (C), of section 318(a)(2)" and inserting in lieu thereof "(4) Subparagraphs (A), (B), and (C) of section 318(a)(3)".

76 Stat. 1059.
26 USC 6038.

(6) Section 6038(d)(1) of such Code (relating to definition of control) is amended—

Ante, p. 762.

(A) by striking out “the second sentence of subparagraphs (A) and (B), and clause (ii) of subparagraph (C), of section 318 (a) (2)” in subparagraph (A) and inserting in lieu thereof “subparagraphs (A), (B), and (C) of section 318(a) (3)”; and
(B) by striking out “clause (i) of” in subparagraph (B).

26 USC 302, 304.

(c) The amendments made by this section shall take effect on the date of the enactment of this Act, except that, for purposes of sections 302 and 304 of the Internal Revenue Code of 1954, such amendments shall not apply with respect to distributions in payment for stock acquisitions or redemptions, if such acquisitions or redemptions occurred before the date of the enactment of this Act.

Approved August 31, 1964.

Public Law 88-555

August 31, 1964
[H. J. Res. 733]

JOINT RESOLUTION

To designate the powerhouse on Clear Creek at the head of Whiskeytown Reservoir, in the State of California, as Judge Francis Carr Powerhouse.

Clear Creek,
Calif.
Judge Francis
Carr Powerhouse,
designation.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the one hundred and thirty thousand kilowatt capacity powerhouse on Clear Creek at the head of Whiskeytown Reservoir shall hereafter be known as Judge Francis Carr Powerhouse in honor of Judge Francis Carr, of Redding, California, a lawyer, judge, public servant, and advocate of reclamation development including the great Central Valley project developed to meet the serious water shortages in the San Joaquin Valley and Sacramento Valley of California. The Secretary of the Interior is hereby directed to place a suitable plaque at the site. Any law, regulation, document, or record of the United States in which such powerhouse is designated or referred to shall be held to refer to such powerhouse under and by the name of Judge Francis Carr Powerhouse.

Approved August 31, 1964.

Public Law 88-556

August 31, 1964
[H. R. 8355]

AN ACT

To amend the Life Insurance Company Act of the District of Columbia (48 Stat. 1145), approved June 19, 1934, as amended.

D.C.
Life Insurance
Act, amendment.
D.C. Code
35-508.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8, chapter III of the Life Insurance Act (48 Stat. 1145) is amended by inserting at the beginning thereof “(a)” and by striking the figure “\$100,000” in the first sentence thereof and inserting in lieu thereof the figure “\$200,000”, and by adding the following subsection:

“(b) No company shall be exempt from the provisions of this section by reason of its having been incorporated in the District or elsewhere prior to the effective date of this subsection, except that in the case of companies authorized in the District of Columbia on (date of passage) and continuously authorized thereafter without any increase or broadening of authority, the minimum capital required of a stock company shall not be increased by this section.”

SEC. 2. (a) Subsection 10(b) (ii) of section 35 of chapter III of the Life Insurance Act of the District of Columbia (48 Stat. 1145) is

75 Stat. 514.
D.C. Code
35-535.