

107TH CONGRESS
2D SESSION

S. _____

IN THE SENATE OF THE UNITED STATES

Mr. BAUCUS (for himself and Mr. GRASSLEY) introduced the following bill;
which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to make
technical corrections, 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; ETC.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Tax Technical Corrections Act of 2002”.

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference
10 shall be considered to be made to a section or other provi-
11 sion of the Internal Revenue Code of 1986.

1 (c) TABLE OF CONTENTS.—The table of contents for
2 this Act is as follows:

Sec. 1. Short title; etc.

Sec. 2. Amendments related to Job Creation and Worker Assistance Act of 2002.

Sec. 3. Amendments related to Economic Growth and Tax Relief Reconciliation Act of 2001.

Sec. 4. Amendment related to Victims of Terrorism Tax Relief Act of 2001.

Sec. 5. Amendments related to Community Renewal Tax Relief Act of 2000.

Sec. 6. Amendments related to Taxpayer Relief Act of 1997.

Sec. 7. Other technical corrections.

Sec. 8. Clerical amendments.

3 **SEC. 2. AMENDMENTS RELATED TO JOB CREATION AND**
4 **WORKER ASSISTANCE ACT OF 2002.**

5 (a) AMENDMENTS RELATED TO SECTION 101 OF
6 THE ACT.—

7 (1) Subparagraph (A) of section 168(k)(2) is
8 amended—

9 (A) by striking “but only if no written
10 binding contract for the acquisition was in ef-
11 fect before September 11, 2001,” in clause
12 (iii)(I), and

13 (B) by adding at the end the following new
14 sentence:

15 “Such term shall not include any property with
16 respect to which a written binding contract is in
17 effect before September 11, 2001, for the acqui-
18 sition of such property or, in the case of prop-
19 erty manufactured, constructed, or produced for

1 the taxpayer's own use, for the manufacture,
2 construction, or production of such property.”.

3 (2) Clause (ii) of section 168(k)(2)(D) is
4 amended—

5 (A) by inserting “clause (iii) and” before
6 “subparagraph (A)(ii)”,

7 (B) by inserting “is” after “if property”,
8 and

9 (C) by striking “is” in subclause (I).

10 (3) Subparagraph (D) of section 168(k)(2) is
11 amended by adding at the end the following new
12 clause:

13 “(iii) SYNDICATION.—For purposes of
14 subparagraph (A)(ii), if—

15 “(I) property is originally placed
16 in service after September 10, 2001,
17 by the lessor of such property,

18 “(II) such property is sold by
19 such lessor or any subsequent pur-
20 chaser within 3 months after the date
21 so placed in service, and

22 “(III) the user of such property
23 after the last sale during such 3-
24 month period remains the same as

1 when such property was originally
2 placed in service,
3 such property shall be treated as originally
4 placed in service not earlier than the date
5 of such last sale.”.

6 (b) AMENDMENTS RELATED TO SECTION 102 OF
7 THE ACT.—

8 (1) Subparagraph (H) of section 172(b)(1) is
9 amended by striking “a taxpayer which has”.

10 (2) In the case of a net operating loss for a tax-
11 able year ending during 2001—

12 (A) an application under section 6411(a)
13 of the Internal Revenue Code of 1986 with re-
14 spect to such loss shall not fail to be treated as
15 timely filed if filed before November 1, 2002,
16 and

17 (B) any election made under subsection
18 (b)(3) or (j) of section 172 of such Code may
19 (notwithstanding such subsections) be revoked
20 before November 1, 2002.

21 (3) Section 102(c)(2) of the Job Creation and
22 Worker Assistance Act of 2002 (Public Law 107-
23 147) is amended by striking “before January 1,
24 2003” and inserting “after December 31, 1995”.

1 (4)(A) Subclause (I) of section 56(d)(1)(A)(i) is
2 amended by striking “attributable to carryovers”.

3 (B) Subclause (I) of section 56(d)(1)(A)(ii) is
4 amended—

5 (i) by striking “for taxable years” and in-
6 serting “from taxable years”, and

7 (ii) by striking “carryforwards” and insert-
8 ing “carryovers”.

9 (c) AMENDMENTS RELATED TO SECTION 301 OF
10 THE ACT.—

11 (1) Subparagraph (D) of section 1400L(a)(2) is
12 amended—

13 (A) by striking “subchapter B” and insert-
14 ing “subchapter A”, and

15 (B) in clause (ii), by striking “subpara-
16 graph (B)” and inserting “this paragraph”.

17 (2) Subparagraph (A) of section 1400L(b)(2) is
18 amended—

19 (A) by striking “but only if no written
20 binding contract for the acquisition was in ef-
21 fect before September 11, 2001,” in clause (iv),
22 and

23 (B) by adding at the end the following new
24 sentence: “The term ‘qualified New York Lib-
25 erty Zone property’ shall not include any prop-

1 erty with respect to which a written binding
2 contract is in effect before September 11, 2001,
3 for the acquisition of such property or, in the
4 case of property manufactured, constructed, or
5 produced for the taxpayer's own use, for the
6 manufacture, construction, or production of
7 such property.”.

8 (3) Paragraph (2) of section 1400L(f) is
9 amended by inserting before the period “, deter-
10 mined without regard to subparagraph (C)(i) there-
11 of”.

12 (d) AMENDMENT RELATED TO SECTION 405 OF THE
13 ACT.—The last sentence of section 4006(a)(3)(E)(iii)(IV)
14 of the Employee Retirement Income Security Act of 1974
15 (29 U.S.C. 1306(a)(3)(E)(iii)(IV)) is amended—

16 (1) by inserting “or this subparagraph” after
17 “this clause” both places it appears, and

18 (2) by inserting “(other than sections 4005,
19 4010, 4011, and 4043)” after “subsections”.

20 (e) AMENDMENT RELATED TO SECTION 411 OF THE
21 ACT.—Section 411(c)(2)(B) of the Job Creation and
22 Worker Assistance Act of 2002 is amended by striking
23 “Paragraph (2)” and inserting “Paragraph (1)”.

24 (f) EFFECTIVE DATE.—The amendments made by
25 this section shall take effect as if included in the provisions

1 of the Job Creation and Worker Assistance Act of 2002
2 to which they relate.

3 **SEC. 3. AMENDMENTS RELATED TO ECONOMIC GROWTH**
4 **AND TAX RELIEF RECONCILIATION ACT OF**
5 **2001.**

6 (a) AMENDMENT RELATED TO SECTION 401 OF THE
7 ACT.—Clause (i) of section 530(d)(2)(C) is amended by
8 striking “higher” after “qualified”.

9 (b) AMENDMENT RELATED TO SECTION 611 OF THE
10 ACT.—Section 415(d)(4)(A) is amended by adding at the
11 end the following new sentence: “This subparagraph shall
12 also apply for purposes of any provision of this title that
13 provides for adjustments in accordance with the method
14 contained in this subsection, except to the extent provided
15 in such provision.”.

16 (c) AMENDMENT RELATED TO SECTION 637 OF THE
17 ACT.—Section 408(p)(6)(A)(i) is amended by adding at
18 the end the following new sentence: “For purposes of the
19 preceding sentence, amounts described in section
20 6051(a)(3) shall be determined without regard to section
21 3401(a)(3).”.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect as if included in the provisions
24 of the Economic Growth and Tax Relief Reconciliation Act
25 of 2001 to which they relate.

1 **SEC. 4. AMENDMENT RELATED TO VICTIMS OF TERRORISM**

2 **TAX RELIEF ACT OF 2001.**

3 (a) AMENDMENT RELATED TO SECTION 201 OF THE
4 ACT.—Clause (iv) of section 6103(i)(7)(B) is amended by
5 inserting “and subparagraph (A)” after “this subpara-
6 graph”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall take effect as if included in section 201
9 of the Victims of Terrorism Tax Relief Act of 2001.

10 **SEC. 5. AMENDMENTS RELATED TO COMMUNITY RENEWAL**

11 **TAX RELIEF ACT OF 2000.**

12 (a) AMENDMENTS RELATED TO SECTION 401 OF
13 THE ACT.—

14 (1) Subsection (c) of section 1234B is amended
15 by adding at the end the following new sentence:
16 “The Secretary may prescribe regulations regarding
17 the status of contracts the value of which are deter-
18 mined directly or indirectly by reference to an index
19 which becomes (or ceases to be) a narrow-based se-
20 curity index (as defined for purposes of section
21 1256(g)(6)).”.

22 (2) Paragraph (6) of section 1256(g) is amend-
23 ed by adding at the end the following new sentence:
24 “The Secretary may prescribe regulations regarding
25 the status of options the value of which are deter-
26 mined directly or indirectly by reference to an index

1 which becomes (or ceases to be) a narrow-based se-
2 curity index (as so defined).”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall take effect as if included in section 401
5 of the Community Renewal Tax Relief Act of 2000.

6 **SEC. 6. AMENDMENTS RELATED TO TAXPAYER RELIEF ACT**
7 **OF 1997.**

8 (a) AMENDMENTS RELATED TO SECTION 1001 OF
9 THE ACT.—

10 (1) Paragraph (2) of section 1259(c) is amend-
11 ed by striking “The term ‘constructive sale’ shall not
12 include any contract” and inserting “A taxpayer
13 shall not be treated as having made a constructive
14 sale solely because the taxpayer enters into a con-
15 tract”.

16 (2) Subparagraphs (A) and (B)(i) of section
17 1259(c)(3) are each amended by striking “be treated
18 as a constructive sale” and inserting “cause a con-
19 structive sale”.

20 (3) Clause (i) of section 1259(c)(3)(A) is
21 amended by striking “before the end of” and insert-
22 ing “on or before”.

23 (4) Clause (ii) of section 1259(c)(3)(B) is
24 amended by striking “substantially similar”.

1 (5) Subclause (I) of section 1259(c)(3)(B)(ii) is
2 amended to read as follows:

3 “(I) which would (but for this
4 subparagraph) cause the requirement
5 of subparagraph (A)(iii) not to be met
6 with respect to the transaction de-
7 scribed in clause (i) of this subpara-
8 graph,”.

9 (6) Subclause (II) of such section is amended
10 by inserting “on or” before “before the 30th day”.

11 (7) The heading for subparagraph (B) of sec-
12 tion 1259(c)(3) is amended by striking “POSITIONS
13 WHICH ARE REESTABLISHED” and inserting “CER-
14 TAIN CLOSED TRANSACTIONS WHERE RISK OF LOSS
15 ON APPRECIATED FINANCIAL POSITION DIMIN-
16 ISHED”.

17 (b) AMENDMENT RELATED TO SECTION 1031 OF
18 THE ACT.—Section 4261(e)(4) is amended by adding at
19 the end the following new subparagraph:

20 “(D) SPECIAL RULE FOR AMOUNTS PAID
21 FOR DOMESTIC SEGMENTS BEGINNING AFTER
22 2002.—If an amount is paid during a calendar
23 year for a domestic segment beginning in a
24 later calendar year, then the rate of tax under
25 subsection (b) on such amount shall be the rate

1 in effect for the calendar year in which such
2 amount is paid.”

3 (c) EFFECTIVE DATE.—

4 (1) AMENDMENTS RELATED TO SECTION
5 1001.—The amendments made by subsection (a)
6 shall take effect as if included in section 1001 of the
7 Taxpayer Relief Act of 1997.

8 (2) AMENDMENTS RELATED TO SECTION
9 1031.—The amendment made by subsection (b)
10 shall apply to segments beginning after December
11 31, 2002.

12 **SEC. 7. OTHER TECHNICAL CORRECTIONS.**

13 (a) DEFINITION OF VALID TAXPAYER IDENTIFICA-
14 TION NUMBER FOR EARNED INCOME CREDIT.—Section
15 32(m) is amended to read as follows:

16 “(m) IDENTIFICATION NUMBERS.—Solely for pur-
17 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer
18 identification number means a social security number as-
19 signed by the Social Security Administration—

20 “(1) to a citizen of the United States, or

21 “(2) to an individual pursuant to subclause (I)
22 (or that portion of subclause (III) that relates to
23 subclause (I)) of section 205(c)(2)(B)(i) of the So-
24 cial Security Act.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this subsection shall apply to taxable years beginning after
3 the date of the enactment of this Act.

4 **SEC. 8. CLERICAL AMENDMENTS.**

5 (1) The heading for subparagraph (F) of sec-
6 tion 168(k)(2) is amended by striking “MINIUMUM”
7 and inserting “MINIMUM”.

8 (2) The item relating to section 1234B in the
9 table of sections for subpart IV of subchapter P of
10 chapter 1 is amended to read as follows:

“Sec. 1234B. Gains or losses from securities futures contracts.”.

11 (3) Section 156(c) of the Community Renewal
12 Tax Relief Act of 2000 (114 Stat. 2763A–623) is
13 amended in the first sentence by inserting “than”
14 after “not later”.