

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1542

To amend the Internal Revenue Code of 1986 to deny the benefits of certain export subsidies in the case of exports of certain unprocessed timber.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 1993

Mr. STARK (for himself, Mr. DEFAZIO, and Mrs. UNSOELD) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to deny the benefits of certain export subsidies in the case of exports of certain unprocessed timber.

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. DENIAL OF CERTAIN EXPORT SUBSIDIES.**

4       (a) FOREIGN SALES CORPORATIONS.—Paragraph (2)  
5 of section 927(a) of the Internal Revenue Code of 1986  
6 (relating to exclusion of certain property) is amended by  
7 striking “or” at the end of subparagraph (C), by striking  
8 the period at the end of subparagraph (D) and inserting  
9 “, or”, and by adding at the end thereof the following:

1           “(E) any unprocessed timber which is a  
2           softwood.

3           For purposes of subparagraph (E), the term ‘un-  
4           processed timber’ means any log, cant, or similar  
5           form of timber.”

6           (b) DOMESTIC INTERNATIONAL SALES CORPORA-  
7           TIONS.—Paragraph (2) of section 993(c) of such Code (re-  
8           lating to exclusion of certain property) is amended by  
9           striking “or” at the end of subparagraph (C), by striking  
10          the period at the end of subparagraph (D) and inserting  
11          “, or”, and by adding after subparagraph (D) the follow-  
12          ing:

13                   “(E) any unprocessed timber which is a  
14                   softwood.

15           For purposes of subparagraph (E), the term ‘un-  
16           processed timber’ means any log, cant, or similar  
17           form of timber.”

18           (c) TITLE-PASSAGE RULE.—Subsection (b) of section  
19           865 of such Code (relating to source rules for personal  
20           property sales) is amended by adding at the end thereof  
21           the following: “Notwithstanding the preceding sentence,  
22           any income from the sale of any unprocessed timber which  
23           is a softwood and was cut from an area in the United  
24           States shall be sourced in the United States and the rules  
25           of sections 862(a)(6) and 863(b) shall not apply to any

1 such income. For purposes of the preceding sentence, the  
2 term ‘unprocessed timber’ means any log, cant, or similar  
3 form of timber.”

4 (d) ELIMINATION OF DEFERRAL.—Subsection (d) of  
5 section 954 of such Code is amended by adding at the  
6 end thereof the following new paragraph:

7 “(4) SPECIAL RULE FOR CERTAIN TIMBER  
8 PRODUCTS.—For purposes of subsection (a)(2), the  
9 term ‘foreign base company sales income’ includes  
10 any income (whether in the form of profits, commis-  
11 sions, fees, or otherwise) derived in connection  
12 with—

13 “(A) the sale of any unprocessed timber  
14 referred to in section 865(b), or

15 “(B) the milling of any such timber out-  
16 side the United States.

17 Subpart G shall not apply to any amount treated as  
18 subpart F income by reason of this paragraph.”

19 (e) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to sales, exchanges, or other dis-  
21 positions after the date of the enactment of this Act.

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