

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3952

To amend the Internal Revenue Code of 1986 to alleviate the inequitable tax treatment of individuals operating small, expanding publishing businesses as S corporations or partnerships, thereby encouraging the growth and development of such businesses.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 1994

Mr. CARDIN (for himself and Mr. SHAW) 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 alleviate the inequitable tax treatment of individuals operating small, expanding publishing businesses as S corporations or partnerships, thereby encouraging the growth and development of such businesses.

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. MODIFICATION TO MINIMUM TAX TREATMENT**

4 **OF CIRCULATION EXPENSES.**

5 (a) GENERAL RULE.—Subparagraph (D) of section  
6 56(b)(2) of the Internal Revenue Code of 1986 (relating

1 to circulation and research and experimental expenditures)  
2 is amended to read as follows:

3           “(D) EXCEPTION FOR CERTAIN EXPENDI-  
4           TURES.—If the taxpayer materially participates  
5           (within the meaning of section 469(h)) in an  
6           activity, this paragraph shall not apply to any  
7           amount allowable as a deduction under section  
8           173 or 174(a) for expenditures paid or incurred  
9           in connection with such activity.”

10       (b) EFFECTIVE DATE.—

11           (1) IN GENERAL.—The amendment made by  
12           subsection (a) shall apply to expenditures paid or in-  
13           curred in taxable years ending after the date of the  
14           enactment of this Act.

15           (2) 5-YEAR SPREAD FOR PREVIOUSLY CAPITAL-  
16           IZED EXPENDITURES.—

17           (A) IN GENERAL.—For purposes of deter-  
18           mining the alternative minimum taxable income  
19           of any taxpayer, the expenditures described in  
20           subparagraph (B) shall be amortized ratably  
21           over the 5-year period beginning with the first  
22           day of the first taxable year ending after the  
23           date of the enactment of this Act. Such amorti-  
24           zation shall be treated as the amount allowable

1 under section 56(b)(2)(A) of the Internal Reve-  
2 nue Code of 1986.

3 (B) DESCRIPTION OF EXPENDITURES.—

4 The expenditures described in this subpara-  
5 graph consist of the unamortized balance (as of  
6 the close of the taxpayer's last taxable year  
7 ending before the date of the enactment of this  
8 Act) of the circulation expenditures which were  
9 capitalized under section 56(b)(2)(A) of the In-  
10 ternal Revenue Code of 1986 and which would  
11 not have been so capitalized if the amendment  
12 made by subsection (a) had applied to the tax-  
13 able years in which such expenditures were paid  
14 or incurred.

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