

105TH CONGRESS
1ST SESSION

H. R. 842

To amend the Internal Revenue Code of 1986 to exempt small issues from the restrictions on the deduction by financial institutions for interest.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1997

Mr. ENGLISH of Pennsylvania (for himself and Mr. HOLDEN) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to exempt small issues from the restrictions on the deduction by financial institutions for interest.

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. QUALIFIED SMALL ISSUE BONDS EXEMPT**
4 **FROM RESTRICTIONS ON DEDUCTION BY FI-**
5 **NANCIAL INSTITUTIONS FOR INTEREST.**

6 (a) IN GENERAL.—Clause (ii) of section
7 265(b)(3)(B) of the Internal Revenue Code of 1986 (de-
8 fining qualified tax-exempt obligations) is amended by
9 striking “or” at the end of subclause (I), by redesignating

1 subclause (II) as subclause (III), and by inserting after
2 subclause (I) the following new subclause:

3 “(II) any qualified small issue
4 bond (as defined in section 144(a)),
5 or”.

6 (b) **EFFECTIVE DATE.**—The amendment made by
7 subsection (a) shall apply to taxable years beginning after
8 the date of enactment of this Act.

○