

103^D CONGRESS
2^D SESSION

S. 2415

To amend the Internal Revenue Code of 1986 relating to the treatment of partnership investment expenses under the alternative minimum tax.

IN THE SENATE OF THE UNITED STATES

AUGUST 23 (legislative day, AUGUST 18), 1994

Mr. DODD (for himself, Mr. HATCH, Mr. BUMPERS, Mr. BOREN, and Mrs. BOXER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 relating to the treatment of partnership investment expenses under the alternative minimum tax.

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. TREATMENT OF PARTNERSHIP INVESTMENT**
4 **EXPENSES UNDER MINIMUM TAX.**

5 (a) GENERAL RULE.—Subparagraph (A) of section
6 56(b)(1) of the Internal Revenue Code of 1986 (relating
7 to limitation on deductions) is amended to read as follows:

8 “(A) DISALLOWANCE OF CERTAIN DEDUC-

9 TIONS.—

1 “(i) IN GENERAL.—No deduction shall
2 be allowed—

3 “(I) for any miscellaneous item-
4 ized deduction (as defined in section
5 67(b)), or

6 “(II) for any taxes described in
7 paragraph (1), (2), or (3) of section
8 164(a).

9 “(ii) TREATMENT OF PARTNERSHIP
10 INVESTMENT EXPENSES.—Subclause (I) of
11 clause (i) shall not apply to the taxpayer’s
12 distributive share of the expenses described
13 in section 212 of any partnership; except
14 that the aggregate amount allowed as a de-
15 duction by reason of this sentence shall not
16 exceed the lesser of (I) the aggregate ad-
17 justed investment income of the taxpayer
18 from partnerships, or (II) the excess of the
19 aggregate of the taxpayer’s distributive
20 shares of such expenses over 2 percent of
21 adjusted gross income. For purposes of the
22 preceding sentence, the term ‘adjusted in-
23 vestment income’ means investment income
24 (as defined in section 163(d)(4)(B) without
25 regard to subclause (II) of clause (ii) or

1 clause (iii)) reduced by investment interest
2 (as defined in section 163(d)(3)).

3 “(iii) TREATMENT OF CERTAIN
4 TAXES.—Subclause (II) of clause (i) shall
5 not apply to any amount allowable in com-
6 puting adjusted gross income.”

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 1993.

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