

103D CONGRESS  
1ST SESSION

# S. 364

To amend the Internal Revenue Code of 1986 to modify the involuntary conversion rules for certain disaster-related conversions.

---

## IN THE SENATE OF THE UNITED STATES

FEBRUARY 16 (legislative day, JANUARY 5), 1993

Mrs. FEINSTEIN (for herself 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 to modify the involuntary conversion rules for certain disaster-related conversions.

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 OF INVOLUNTARY CONVERSION**

#### 4 **RULES FOR CERTAIN DISASTER-RELATED** 5 **CONVERSIONS.**

6 (a) IN GENERAL.—Section 1033 of the Internal Rev-  
7 enue Code of 1986 (relating to involuntary conversions)  
8 is amended by redesignating subsection (h) as subsection  
9 (i) and by inserting after subsection (g) the following new  
10 subsection:

1       “(h) SPECIAL RULES FOR PRINCIPAL RESIDENCES  
 2 DAMAGED BY PRESIDENTIALLY DECLARED DISAS-  
 3 TERS.—

4       “(1) IN GENERAL.—If the taxpayer’s principal  
 5 residence or any of its contents is compulsorily or in-  
 6 voluntarily converted as a result of a Presidentially  
 7 declared disaster—

8               “(A) TREATMENT OF INSURANCE PRO-  
 9 CEEDS.—

10              “(i) EXCLUSION FOR UNSCHEDULED  
 11 PERSONAL PROPERTY.—No gain shall be  
 12 recognized by reason of the receipt of any  
 13 insurance proceeds for personal property  
 14 which was part of such contents and which  
 15 was not scheduled property for purposes of  
 16 such insurance.

17              “(ii) OTHER PROCEEDS TREATED AS  
 18 COMMON FUND.—In case of any insurance  
 19 proceeds (not described in clause (i)) for  
 20 such residence or contents—

21                   “(I) such proceeds shall be treat-  
 22 ed as received for the conversion of a  
 23 single item of property, and

24                   “(II) any property which is simi-  
 25 lar or related in service or use to the

1 residence so converted (or contents  
 2 thereof) shall be treated for purposes  
 3 of subsection (a)(2) as property simi-  
 4 lar or related in service or use to such  
 5 single item of property.

6 “(B) EXTENSION OF REPLACEMENT PE-  
 7 RIOD.—Subsection (a)(2)(B) shall be applied  
 8 with respect to any property so converted by  
 9 substituting ‘4 years’ for ‘2 years’.

10 “(2) PRESIDENTIALLY DECLARED DISASTER.—  
 11 For purposes of this subsection, the term ‘Presi-  
 12 dentially declared disaster’ means any disaster  
 13 which, with respect to the area in which the resi-  
 14 dence is located, resulted in a subsequent determina-  
 15 tion by the President that such area warrants assist-  
 16 ance by the Federal Government under the Robert  
 17 T. Stafford Disaster Relief and Emergency Assist-  
 18 ant Act.

19 “(3) PRINCIPAL RESIDENCE.—For purposes of  
 20 this subsection, the term ‘principal residence’ has  
 21 the same meaning as when used in section 1034,  
 22 except that no ownership requirement shall be  
 23 imposed.”.

24 (b) EFFECTIVE DATE.—The amendment made by  
 25 subsection (a) shall apply to property compulsorily or in-

1 voluntarily converted as a result of disasters for which the  
2 determination referred to in section 1033(h)(2) of the In-  
3 ternal Revenue Code of 1986 (as added by this section)  
4 is made on or after September 1, 1991, and to taxable  
5 years ending on or after such date.

○