

103D CONGRESS  
1ST SESSION

S. 379

To amend the Internal Revenue Code of 1986 to increase the rollover period on principal residences for taxpayers whose assets are frozen in financial institutions.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 17 (legislative day, JANUARY 5), 1993

Mr. CHAFEE 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 increase the rollover period on principal residences for taxpayers whose assets are frozen in financial institutions.

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. 2-YEAR ROLLOVER PERIOD FOR PRINCIPAL  
4 RESIDENCE INCREASED FOR TAXPAYERS  
5 WITH FROZEN DEPOSITS.

6 (a) IN GENERAL.—Section 1034 (relating to the roll-  
7 over of gain on the sale of principal residence) is amended  
8 by redesignating subsection (l) as subsection (m) and by  
9 inserting after subsection (k) the following new subsection:

1       (I) INDIVIDUAL WITH SUBSTANTIAL FROZEN DEPOS-  
2 ITS.—

3           “(I) IN GENERAL.—The running of any period  
4 of time specified in subsection (a) or (c) (other than  
5 the 2 years referred to in subsection (c)(4) shall be  
6 suspended during any time that the taxpayer has  
7 substantial frozen deposits after the date of the sale  
8 of the old residence; except that any such period of  
9 time as so suspended shall not extend beyond the  
10 date 4 years after the date of the sale of the old res-  
11 idence.

12           “(2) SUBSTANTIAL FROZEN DEPOSITS.—For  
13 purposes of this subsection—

14           “(A) IN GENERAL.—A taxpayer shall be  
15 treated as having substantial frozen deposits for  
16 any period during which the aggregate frozen  
17 deposits of the taxpayer exceed 30 percent of  
18 the net amount realized from the sale of the old  
19 residence.

20           “(B) FROZEN DEPOSIT.—The term ‘frozen  
21 deposit’ means deposit in a financial institution  
22 if such deposit may not be withdrawn (during  
23 a period of at least 1 day) because of—

24            “(i) the bankruptcy or insolvency of a  
25 financial institution, or

1                     “(ii) any requirement imposed by the  
2                     State in which such institution is located  
3                     by reason of the bankruptcy or insolvency  
4                     (or threat thereof) of 1 or more financial  
5                     institutions in such State.

6                     “(C) NET AMOUNT REALIZED.—The net  
7                     amount realized from the sale of the old resi-  
8                     dence is the amount realized from the sale of  
9                     the old residence reduced—

10                    “(i) as provided in subsection (b)(1),  
11                    and

12                    “(ii) by the amount of any indebted-  
13                    ness of the taxpayer which was secured by  
14                    the old residence.

15                     “(3) TREATMENT OF MARRIED INDIVIDUALS.—  
16                     If the old residence and the new residence are each  
17                     used by the taxpayer and the spouse of the taxpayer  
18                     as their principal residence, such individuals shall be  
19                     treated as one taxpayer for purposes of this sub-  
20                     section.”

21 **SEC. 2. EFFECTIVE DATE.**

22                     The amendment made by subsection (a) shall apply  
23                     to—

24                     (1) any residence sold or exchanged after De-  
25                     cember 31, 1990, and

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