

**H.R.3108**

**Title:** To amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to temporarily replace the 30-year Treasury rate with a rate based on long-term corporate bonds for certain pension plan funding requirements and other provisions, and for other purposes.

**Sponsor:** Rep Boehner, John A. [OH-8] (introduced 9/17/2003)      **Cosponsors:** 10

**Latest Major Action:** 4/10/2004 Signed by President.

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**One Hundred Eighth Congress  
of the  
United States of America  
AT THE SECOND SESSION**

Begun and held at the City of Washington on Tuesday,

the twentieth day of January, two thousand and four

An Act

To amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to temporarily replace the 30-year Treasury rate with a rate based on long-term corporate bonds for certain pension plan funding requirements and other provisions, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the 'Pension Funding Equity Act of 2004'.

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**TITLE II--OTHER PROVISIONS**

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**SEC. 206. CLARIFICATION OF EXEMPTION FROM TAX FOR SMALL PROPERTY AND CASUALTY INSURANCE COMPANIES.**

(a) **IN GENERAL-** Section 501(c)(15)(A) of the Internal Revenue Code of 1986 is amended to read as follows:

    (A) Insurance companies (as defined in section 816(a)) other than life (including interinsurers and reciprocal underwriters) if--

        (i)(I) the gross receipts for the taxable year do not exceed \$600,000, and

        (ii) more than 50 percent of such gross receipts consist of premiums, or

        (ii) in the case of a mutual insurance company--

            (I) the gross receipts of which for the taxable year do not exceed \$150,000, and

            (II) more than 35 percent of such gross receipts consist of premiums.

Clause (ii) shall not apply to a company if any employee of the company, or a member of the employee's family (as defined in section 2032A(e)(2)), is an employee of another company exempt from taxation by reason of this paragraph (or would be so exempt but for this sentence).'

(b) **CONTROLLED GROUP RULE-** Section 501(c)(15)(C) of the Internal Revenue Code of 1986 is amended by inserting ` , except that in applying section 831(b)(2)(B)(ii) for purposes of this subparagraph, subparagraphs (B) and (C) of section 1563(b)(2) shall be disregarded' before the period at the end.

(c) **DEFINITION OF INSURANCE COMPANY FOR SECTION 831-** Section 831 of the Internal Revenue Code of 1986 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

`(c) **INSURANCE COMPANY DEFINED-** For purposes of this section, the term `insurance company' has the meaning given to such term by section 816(a)).'.

(d) **CONFORMING AMENDMENT-** Clause (i) of section 831(b)(2)(A) of the Internal Revenue Code of 1986 is amended by striking `exceed \$350,000 but'.

(e) **EFFECTIVE DATE-**

(1) **IN GENERAL-** Except as provided in paragraph (2), the amendments made by this section shall apply to **taxable years beginning after December 31, 2003.**

(2) **TRANSITION RULE FOR COMPANIES IN RECEIVERSHIP OR LIQUIDATION-** In the case of a company or association which--

(A) for the taxable year which includes April 1, 2004, meets the requirements of section 501(c)(15)(A) of the Internal Revenue Code of 1986, as in effect for the last taxable year beginning before January 1, 2004, and

(B) on April 1, 2004, is in a receivership, liquidation, or similar proceeding under the supervision of a State court,

the amendments made by this section shall apply to taxable years beginning after the earlier of the date such proceeding ends or December 31, 2007.