

- (a) Income from disposition of property created by taxpayer.
- (b) Effective date.
- Sec. 207. Exclusion of certain rents from personal holding company income.
- (a) Rents from leases of certain tangible personal property.
- (b) Technical amendments.
- (c) Effective date.
- Sec. 208. Percentage depletion rate for certain clay bearing alumina.
- (a) 23 percent rate.
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- (c) Effective date.
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- Sec. 213. Excise tax rate on ambulances and hearses.
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- Sec. 214. Applicability of exclusion from interest equalization tax of certain loans to assure raw materials sources.
- (a) Exception to exclusion.
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- Sec. 215. Exclusion from interest equalization tax for certain acquisitions by insurance companies.
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- (b) Effective date.
- Sec. 216. Exclusion from interest equalization tax of certain acquisitions by foreign branches of domestic banks.
- (a) Authority for modification of executive orders.
- (b) Effective date.

TITLE III—PRESIDENTIAL ELECTION CAMPAIGN FUND ACT

- Sec. 301. Short title.
- Sec. 302. Authority for designation of \$1 of income tax payments to presidential election campaign fund.
- Sec. 303. Presidential election campaign fund.
- (a) Establishment.
- (b) Transfers to the fund.
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- Sec. 304. Establishment of advisory board.
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TITLE IV—MISCELLANEOUS PROVISIONS

- Sec. 401. Treasury notes payable in foreign currency.
- Sec. 402. Reports to clarify to national debt and tax structure.

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Sec. 403. Coverage of expenses of certain drugs under supplementary medical insurance benefits.

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, wherever in titles I, II, and III, of this Act an amendment or repeal is expressed in terms of an amendment, to or repeal of, a section or other provision, the reference is to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—FOREIGN INVESTORS TAX ACT

SEC. 101. SHORT TITLE.

This title may be cited as the "Foreign Investors Tax Act of 1966".

SEC. 102. SOURCE OF INCOME.

(a) INTEREST.—

(1) (A) Subparagraph (A) of section 861 (a) (1) (relating to interest from sources within the United States) is amended to read as follows:

"(A) interest on amounts described in subsection (c) received by a nonresident alien individual or a foreign corporation, if such interest is not effectively connected with the conduct of a trade or business within the United States".

(B) Section 861 is amended by adding at the end thereof the following new subsection:

"(c) INTEREST ON DEPOSITS, ETC.—For purposes of subsection (a) (1) (A), the amounts described in this subsection are—

"(1) deposits with persons carrying on the banking business,

"(2) deposits or withdrawable accounts with savings institutions chartered and supervised as savings and loan or similar associations under Federal or State law, but only to the extent that amounts paid or credited on such deposits or accounts are deductible under section 591 (determined without regard to section 265) in computing the taxable income of such institutions, and

"(3) amounts held by an insurance company under an agreement to pay interest thereon.

Effective with respect to amounts paid or credited after December 31, 1971, subsection (a) (1) (A) and this subsection shall cease to apply."

(2) Section 861(a) (1) is amended by striking out subparagraph (B) and (C) and inserting in lieu thereof the following:

"(B) interest received from a resident alien individual or a domestic corporation, when it is shown to the satisfaction of the Secretary or his delegate that less than 20 percent of the gross income from all sources of such individual or such corporation has been derived from sources within the United States, as determined under the provisions of this part, for the 3-year period ending with the close of the taxable year of such individual or such corporation preceding the payment of such interest, or for such part of such period as may be applicable,

"(C) interest received from a foreign corporation (other than interest paid or credited after December 31, 1971, by a domestic branch of a foreign corporation, if such branch is engaged in the commercial banking business), when it is shown to the satisfaction of the Secretary or his delegate that less than 50 percent of the gross income from all sources of such foreign corporation for the 3-year period ending with the close of its taxable year preceding the payment of such