

prescribe), to taxable years beginning on or before such date and ending after December 31, 1965.

SEC. 208. PERCENTAGE DEPLETION RATE FOR CERTAIN CLAY BEARING ALUMINA.

(a) **23 PERCENT RATE.**—Section 613(b) (relating to percentage depletion rates) is amended—

(1) by inserting “clay, laterite, and nephelitic syenite” after “anorthosite” in paragraph (2) (B); and

(2) by striking out “if paragraph (5) (B) does not apply” in paragraph (3) (B) and inserting in lieu thereof “if neither paragraph (2) (B) nor (5) (B) applies”.

(b) **TREATMENT PROCESSES.**—Section 613(c) (4) (relating to treatment processes considered as mining) is amended—

(1) by striking out “and” at the end of subparagraph (G),

(2) by redesignating subparagraph (H) as (I), and by inserting after subparagraph (G) the following new subparagraph:

“(H) in the case of clay, laterite, and nephelitic syenite from deposits in the United States (to the extent that alumina and aluminum compounds are extracted therefrom)—all processes applied to derive alumina or aluminum compounds therefrom; and”.

(c) **EFFECTIVE DATE.**—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 209. PERCENTAGE DEPLETION RATE FOR CLAM AND OYSTER SHELLS.

(a) **15 PERCENT RATE.**—Section 613(b) (relating to percentage depletion rates) is amended—

(1) by striking out “mollusk shells (including clam shells and oyster shells),” in paragraph (5) (A), and

(2) by inserting “mollusk shells (including clam shells and oyster shells),” after “marble,” in paragraph (6).

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 210. SINTERING AND BURNING OF SHALE, CLAY, AND SLATE USED AS LIGHT-WEIGHT AGGREGATES.

(a) **TREATMENT PROCESSES.**—Section 613(c) (4) (relating to treatment processes considered as mining) is amended by striking out “and the furnacing of quicksilver ores” in subparagraph (E) and inserting in lieu thereof “the furnacing of quicksilver ores, and the sintering or burning of shale, clay, and slate used or sold for use as lightweight aggregates”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 211. STRADDLES.

(a) **TREATMENT AS SHORT-TERM CAPITAL GAIN.**—Section 1234 (relating to options) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

“(c) **SPECIAL RULE FOR GRANTORS OF STRADDLES.**—

“(1) **GAIN ON LAPSE.**—In the case of gain on lapse of an option granted by the taxpayer as part of a straddle, the gain shall be deemed to be gain from the sale or exchange of a capital asset held for not more than 6 months on the day that the option expired.

“(2) **EXCEPTION.**—This subsection shall not apply to any person who holds securities for sale to customers in the ordinary course of his trade or business.

“(3) **DEFINITIONS.**—For purposes of this subsection—

“(A) The term ‘straddle’ means a simultaneously granted combination of an option to buy, and an option to sell, the same quantity of a security at the same price during the same period of time.

“(B) The term ‘security’ has the meaning assigned to such term by section 1236(c).”

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to straddle transactions entered into after January 25, 1965, in taxable years ending after such date.

SEC. 212. TAX TREATMENT OF PER-UNIT RETAIN ALLOCATIONS.

(a) **TAX TREATMENT OF COOPERATIVES.**—

(1) Section 1382(a) (relating to gross income of cooperatives) is amended by striking out the period at the end thereof and inserting “or by reason of any amount paid to a patron as a per-unit retain allocation (as defined in section 1388(f)).”

(2) Section 1382(b) is amended—

[P. 25330]

(A) by striking out “(b) **PATRONAGE DIVIDENDS.**—” and inserting in lieu thereof “(b) **PATRONAGE DIVIDENDS AND PER-UNIT RETAIN ALLOCATIONS.**—”,

(B) by striking out “or” at the end of paragraph (1),

(C) by striking out the period at the end of paragraph (2) and inserting a semicolon in lieu thereof,

(D) by striking out the sentence following paragraph (2) and inserting in lieu thereof the following:

“(3) as per-unit retain allocations, to the extent paid in qualified per-unit retain certificates (as defined in section 1388(h)) with respect to marketing occurring during such taxable year; or

“(4) in money or other property (except per-unit retain certificates) in redemption of a nonqualified per-unit retain certificate which was paid as a per-unit retain allocation during the payment period for the taxable year during which the marketing occurred.”

“For purposes of this title, any amount not taken into account under the preceding sentence shall, in the case of an amount described in paragraph (1) or (2), be treated in the same manner as an item of gross income and as a deduction therefrom, and in the case of an amount described in paragraph (3) or (4), be treated as a deduction in arriving at gross income.”

(3) Section 1382(e) is amended to read as follows:

“(e) **PRODUCTS MARKETING UNDER POOLING ARRANGEMENTS.**—For purposes of subsection (b), in the case of a pooling arrangement for the marketing of products—

“(1) the patronage shall (to the extent provided in regulations prescribed by the Secretary or his delegate) be treated as patronage occurring during the taxable year in which the pool closes, and

(2) the marketing of products shall be treated as occurring during any of the taxable years in which the pool is open.”

(4) Section 1382(f) is amended by striking out “subsection (b)” and inserting in lieu thereof “paragraphs (1) and (2) of subsection (b)”.