

made with an intent to sell, or to offer to sell, any part of such debt obligation to United States persons. The preceding sentence shall not apply if the tax imposed by section 4911 has applied to any prior acquisition of such debt obligation."

(c) **EFFECTIVE DATE.**—The amendments made by subsections (a) and (b) shall apply with respect to acquisitions of debt obligations made after the date of the enactment of this Act.

**SEC. 215. EXCLUSION FROM INTEREST EQUALIZATION TAX FOR CERTAIN ACQUISITIONS BY INSURANCE COMPANIES**

(a) **NEW COMPANIES AND COMPANIES OPERATING IN FORMER LESS DEVELOPED COUNTRIES.**—Section 4914(e) (relating to acquisitions by insurance companies doing business in foreign countries) is amended—

(1) by striking out "at the time of the initial designation" in the last sentence of paragraph (2);

(2) by striking out "An" in the first sentence of paragraph (3)(A)(i) and inserting in lieu thereof "Except as provided in clause (iii), an";

(3) by striking out "under this subparagraph" in paragraph (3)(A)(ii) and inserting in lieu thereof "under clause (i)";

(4) by adding after clause (ii) of paragraph (3)(A) the following new clauses:

"(iii) **INITIAL DESIGNATION AFTER OCTOBER 2, 1964.**—An insurance company which was not in existence on October 2, 1964, or was otherwise ineligible to establish a fund (or funds) of assets described in paragraph (2) by making an initial designation under clause (i) on or before such date, may establish (and thereafter currently maintain) such fund (or funds) of assets at any time after the enactment of this clause by designating stock of a foreign issuer or a debt obligation of a foreign obligor as a part of such fund in accordance with the provisions of clause (iv) (if applicable) and subparagraph (B)(i).

"(iv) **FUNDS INVOLVING CURRENCIES OF FORMER LESS DEVELOPED COUNTRIES.**—An insurance company desiring to establish a fund under clause (iii) with respect to insurance contracts payable in the currency of a country designated as a less developed country on October 2, 1964, which thereafter has such designation terminated by an Executive order issued under section 4916(b), shall designate as assets of such fund, to the extent permitted by subparagraph (E), the stock of foreign issuers or debt obligations of foreign obligors as follows: First, stock and debt obligations having a period remaining to maturity of at least 1 year (other than stock or a debt obligation described in section 4916(a)) acquired before July 19, 1963, and owned by the company on the date which the President, in accordance with section 4916(b), communicates to Congress his intention to terminate the status of such country as a less developed country; second, stock and debt obligations having a period remaining to maturity of at least 1 year described in section 4916(a) (and owned by the company on the date of such termination) which, at the time of acquisition, qualified for the exclusion provided in such section because of the status of such country as a less developed country; and third, such stock or debt obligations as the company may elect to designate under subparagraph (B)(i). The period remaining to maturity referred to in the preceding sentence shall be determined as of the date of

the President's communication to Congress."

(5) by striking out "TO MAINTAIN FUND" in the heading of paragraph (3)(B);

(6) by striking out "as provided in subparagraph (A)(ii)" in paragraph (3)(B)(i) and inserting in lieu thereof "under subparagraphs (A)(i) and (ii)";

(7) by inserting before the period at the end of the first sentence of paragraph (3)(C) the following: "; except that, with respect to a fund established under subparagraph (A)(iii), stock or debt obligations acquired before the establishment of such fund may not be designated as part of such fund under this subparagraph";

(8) by striking out "subparagraph (B)," in paragraph (3)(E)(i) and inserting in lieu thereof "subparagraph (A)(iv), (B),";

(9) by striking out "subparagraph (A)" in paragraph (4)(B)(i) and inserting in lieu thereof "subparagraph (A)(i)";

(10) by striking out "paragraph (3)(A)" in paragraph (4)(B)(ii) and inserting in lieu thereof "paragraph (3)(A)(i)"; and

(11) by adding at the end of paragraph (4) the following new paragraph:

"(C) **SPECIAL RULE.**—For purposes of subparagraph (A), if a country designated as a less developed country on September 2, 1964, thereafter has such designation terminated by an Executive order issued under section 4916(b), all insurance contracts payable in the currency of such country which were entered into before such designation was terminated shall be treated as insurance contracts payable in the currency of a country other than a less developed country."

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall take effect on the day after the date of the enactment of this Act.

**SEC. 216. EXCLUSION FROM INTEREST EQUALIZATION TAX OF CERTAIN ACQUISITIONS BY FOREIGN BRANCHES OF DOMESTIC BANKS.**

(a) **AUTHORITY FOR MODIFICATION OF EXECUTIVE ORDERS.**—Section 4931(a) (relating to commercial bank loans) is amended by adding at the end thereof the following new sentence: "Clause (A) of the preceding sentence shall not prevent a modification of such Executive order (or any modification thereof) to exclude from the application of subsection (b) acquisitions by commercial banks, through branches located outside the United States, of debt obligations of foreign obligors payable in currency of the United States."

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply with respect to acquisitions of debt obligations made after the date of enactment of this Act.

**TITLE III—PRESIDENTIAL ELECTION CAMPAIGN FUND ACT**

**SEC. 301. SHORT TITLE.**

This title may be cited as the "Presidential Election Campaign Fund Act of 1966".

**SEC. 302. AUTHORITY FOR DESIGNATION OF \$1 OF INCOME TAX PAYMENTS TO PRESIDENTIAL ELECTION CAMPAIGN FUND.**

(a) Subchapter A of chapter 61 of the Internal Revenue Code of 1954 (relating to returns and records) is amended by adding at the end thereof the following new part: