

Percentage depletion rate for certain clay, shale, and slate

Section 613(b) of the code provides a 5 percent depletion rate for shale; clay used, or sold for use, in the manufacture of brick or sewer pipe; and clay or slate used or sold for use as concrete aggregates or for similar purposes. Section 613(c)(4) sets forth certain treatment processes considered as mining.

The Senate amendment (in proposed section 211) would have amended section 613(c)(4) to provide that the sintering or burning of clay, shale, and slate, used, or sold for use, as lightweight aggregates, would be considered a mining process. This amendment would apply to taxable years beginning after the date of enactment of the bill.

Under the Senate amendment (in proposed section 404) the depletion rate for clay and shale used or sold for use in the manufacture of sewer pipe and brick would be 15 percent. This amendment would apply to taxable years ending after the date of enactment of the bill.

Under the conference action the depletion rate for clay or shale used or sold for use in the manufacture of sewer pipe and brick, and for clay, shale or slate used or sold for use as sintered or burned lightweight aggregates, is to be 7½ percent. Under the conference action this amendment is to apply to taxable years beginning after the date of enactment of the bill.

Straddles

The Senate amendment (in proposed section 212) amends section 1234 to provide that the gain from the lapse of an option granted by the taxpayer as part of a straddle is to be treated as a short-term capital gain. This provision does not apply to any person who holds securities for sale to customers in the ordinary course of his trade or business. The amendment is applicable to straddle transactions entered into after January 25, 1965.

Under the conference action this provision is retained.

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Tax treatment of per-unit retain allocations

The Senate amendment (in proposed section 213) amends the present law relating to the taxation of cooperatives and their patrons to provide tax treatment with respect to per-unit retain certificates which parallels, in general, the tax treatment applicable with respect to patronage dividends. The amendment applies generally to taxable years beginning after April 30, 1966.

Under the conference action, this provision is retained.

Excise tax rate on ambulances and hearses

The Senate amendment (in proposed section 214) provides that the sale of a hearse, as well as an ambulance or combination ambulance-hearse vehicle, is to be considered to be the sale of an automobile chassis and an automobile body (rather than a truck chassis and body) for purposes of determining the manufacturers' excise tax on motor vehicles. This amendment applies with respect to articles sold after the date of the enactment of the bill.

Applicability of exclusion from interest equalization tax of certain loans to assure raw material sources

Section 4914(d) of the code excludes from interest equalization tax certain loans to

assure raw material sources. However, the exemption may be lost if the obligation is subsequently transferred. The Senate amendment would impose the tax only on a person who acquires the obligation with an intent to sell it to other U.S. persons. This amendment is effective with respect to acquisitions of debt obligations after the date of enactment.

Under the conference action this provision is retained.

Exclusion from interest equalization tax for certain acquisitions by insurance companies

Section 4914(e) of the code permits life insurance companies to establish reserve funds of assets under specified circumstances. The Senate amendment extends this privilege to permit a life insurance company to establish a reserve fund of assets where such a company commences activities in a developed country or where a less developed country is designated as a developed country. This amendment is to take effect on the day after the date of enactment.

Under the conference action this provision is retained.

Exclusion from interest equalization tax of certain acquisitions by foreign branches of domestic banks

The Senate amendment gives the President authority under section 4931(a) to exempt from the Interest Equalization Tax U.S. dollar loans made by the foreign branches of U.S. Commercial banks.

Under the conference action this provision is retained.

TITLE III—PRESIDENTIAL ELECTION CAMPAIGN FUND ACT

Title III of the Senate amendment adds five new sections (secs. 301-305) to the bill. Under the conference action, these five new sections are retained with the changes noted below.

Section 301—Short title: Section 301 provides that title III may be cited as the "Presidential Election Campaign Fund Act of 1966".

Section 301—Authority for designation of \$1 of income tax payments to Presidential Election Campaign Funds: Section 302 amends subchapter A of chapter 61 of the code by adding a new part VIII consisting of a new section 6096. The new section 6096 of the code permits every individual (other than a nonresident alien individual) to designate that an amount equal to \$1 of his income tax liability for any taxable year shall be paid into the Presidential Election Campaign Fund (established by section 303 of the Senate amendment). Under the Senate amendment, such designations may be made with respect to income tax liability for taxable years beginning after December 31, 1966.

Section 303—Presidential election campaign fund: Subsection (a) of section 303 of the Senate amendment establishes a special fund, to be known as the "Presidential Election Campaign Fund", on the books of the Treasury.

Subsection (b) of section 303 directs the Secretary of the Treasury to transfer to the Fund amounts equal to the amounts designated by individuals under section 6096 of the code (added by section 302 of the Senate amendment).

Subsection (c) of section 303 provides for payments by the Secretary of the Treasury, as authorized by appropriation Acts, out of the Fund to political parties which have qualified under the provisions of the subsection. With respect to each presidential