S 1201

Subchapter S Modernization Act of 2001

Congress: 107 (2001–2003, Ended)
Chamber: Senate
Policy Area: Taxation
Introduced: Jul 19, 2001
Current Status: Read twice and referred to the Committee on Finance.
Latest Action: Read twice and referred to the Committee on Finance. (Jul 19, 2001)
Official Text: https://www.congress.gov/bill/107th-congress/senate-bill/1201

Sponsor

Name: Sen. Hatch, Orrin G. [R-UT]
Party: Republican • **State:** UT • **Chamber:** Senate

Cosponsors (9 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Allard, Wayne [R-CO]	R · CO		Jul 19, 2001
Sen. Breaux, John B. [D-LA]	D · LA		Jul 19, 2001
Sen. Gramm, Phil [R-TX]	R · TX		Jul 19, 2001
Sen. Lincoln, Blanche L. [D-AR]	D · AR		Jul 19, 2001
Sen. Thompson, Fred [R-TN]	R · TN		Jul 19, 2001
Sen. Bennett, Robert F. [R-UT]	R · UT		Sep 6, 2001
Sen. Schumer, Charles E. [D-NY]	D · NY		Oct 11, 2001
Sen. Frist, William H. [R-TN]	R · TN		Nov 14, 2001
Sen. Hutchinson, Tim [R-AR]	R · AR		Sep 19, 2002

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Jul 19, 2001

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

Bill	Relationship	Last Action
107 HR 2576	Identical bill	**Jul 20, 2001:** Sponsor introductory remarks on measure. (CR E1380-1382)

Summary (as of Jul 19, 2001)

Subchapter S Modernization Act of 2001 - Amends the Internal Revenue Code to revise provisions concerning S corporations to, among other things: (1) allow certain members of a family to be treated as one shareholder of an S corporation; (2) prohibit treating qualified preferred stock as a second class of stock and treating a person as a shareholder by reason of holding such stock; (3) permit financial institutions to hold convertible (safe harbor) debt; (4) repeal the characterization of excessive passive investment income as a termination event; (5) permit certain losses on liquidation not exceeding ordinary income basis to be treated as ordinary losses; (6) permit the deductibility of interest expense incurred by an electing small business trust to acquire S corporation stock; (7) provide that shareholder basis is not increased by income derived from cancellation of S corporation's debt; (8) provide for the exclusion of investment securities income from the passive income test for bank S corporations; (9) provide relief from inadvertently invalid qualified subchapter S subsidiary elections and terminations on the same basis as is provided to invalid or terminated S corporation elections; and (10) provide for the elimination of all earnings and profits attributable to pre-1983 years.

Actions Timeline

- **Jul 19, 2001:** Introduced in Senate
- **Jul 19, 2001:** Sponsor introductory remarks on measure. (CR S7959-7962)
- **Jul 19, 2001:** Read twice and referred to the Committee on Finance.

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