

# HR 2576

Subchapter S Modernization Act of 2001

**Congress:** 107 (2001–2003, Ended)

**Chamber:** House

**Policy Area:** Taxation

**Introduced:** Jul 19, 2001

**Current Status:** Sponsor introductory remarks on measure. (CR E1380-1382)

**Latest Action:** Sponsor introductory remarks on measure. (CR E1380-1382) (Jul 20, 2001)

**Official Text:** <https://www.congress.gov/bill/107th-congress/house-bill/2576>

## Sponsor

**Name:** Rep. Shaw, E. Clay, Jr. [R-FL-22]  
**Party:** Republican • **State:** FL • **Chamber:** House

## Cosponsors (15 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Matsui, Robert T. [D-CA-5]	D · CA		Jul 19, 2001
Rep. Portman, Rob [R-OH-2]	R · OH		Jul 19, 2001
Rep. Goode, Virgil H., Jr. [I-VA-5]	I · VA		Aug 2, 2001
Rep. Neal, Richard E. [D-MA-2]	D · MA		Oct 9, 2001
Rep. Pence, Mike [R-IN-2]	R · IN		Oct 9, 2001
Rep. Rangel, Charles B. [D-NY-15]	D · NY		Oct 9, 2001
Rep. Ross, Mike [D-AR-4]	D · AR		Oct 9, 2001
Rep. Schaffer, Bob [R-CO-4]	R · CO		Oct 9, 2001
Rep. Wolf, Frank R. [R-VA-10]	R · VA		Oct 9, 2001
Rep. Hinojosa, Ruben [D-TX-15]	D · TX		Dec 6, 2001
Rep. Ramstad, Jim [R-MN-3]	R · MN		Dec 6, 2001
Rep. McInnis, Scott [R-CO-3]	R · CO		Feb 28, 2002
Rep. Foley, Mark [R-FL-16]	R · FL		Apr 11, 2002
Rep. Davis, Jo Ann [R-VA-1]	R · VA		Apr 18, 2002
Rep. Pomeroy, Earl [D-ND-At Large]	D · ND		Sep 9, 2002

## Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Jul 19, 2001

## Subjects & Policy Tags

**Policy Area:**

Taxation

## Related Bills

Bill	Relationship	Last Action
107 S 1201	Identical bill	<b>Jul 19, 2001:</b> Read twice and referred to the Committee on Finance.

## 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 20, 2001:** Sponsor introductory remarks on measure. (CR E1380-1382)
- **Jul 19, 2001:** Introduced in House
- **Jul 19, 2001:** Introduced in House
- **Jul 19, 2001:** Referred to the House Committee on Ways and Means.