

## HR 4337

### Regulated Investment Company Modernization Act of 2010

**Congress:** 111 (2009–2011, Ended)

**Chamber:** House

**Policy Area:** Taxation

**Introduced:** Dec 16, 2009

**Current Status:** Became Public Law No: 111-325.

**Latest Action:** Became Public Law No: 111-325. (Dec 22, 2010)

**Law:** 111-325 (Enacted Dec 22, 2010)

**Official Text:** <https://www.congress.gov/bill/111th-congress/house-bill/4337>

### Sponsor

**Name:** Rep. Rangel, Charles B. [D-NY-15]

**Party:** Democratic • **State:** NY • **Chamber:** House

### Cosponsors (4 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Crowley, Joseph [D-NY-7]	D · NY		Dec 16, 2009
Rep. Neal, Richard E. [D-MA-2]	D · MA		Dec 16, 2009
Rep. Schwartz, Allyson Y. [D-PA-13]	D · PA		Dec 16, 2009
Rep. Tiberi, Patrick J. [R-OH-12]	R · OH		Jun 30, 2010

### Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Dec 16, 2009

### Subjects & Policy Tags

#### Policy Area:

Taxation

### Related Bills

Bill	Relationship	Last Action
111 S 3948	Related bill	Nov 17, 2010: Read twice and referred to the Committee on Finance.

**(This measure has not been amended since it was passed by the Senate on December 8, 2010. The summary of that version is repeated here.)**

Regulated Investment Company Modernization Act of 2010 - Amends the Internal Revenue Code to revise the tax treatment of regulated investment companies (RICs).

**Title I: Capital Loss Carryovers of Regulated Investment Companies** - (Sec. 101) Sets forth a special rule allowing unlimited carryovers of the net capital losses of RICs.

**Title II: Modification of Gross Income and Asset Tests of Regulated Investment Companies** - (Sec. 201) Exempts RICs from loss of tax-preferred status and additional tax for failure to satisfy the gross income and assets tests if such failure is due to reasonable cause and not due to willful neglect and is de minimis.

**Title III: Modification of Rules Related to Dividends and Other Distributions** - (Sec. 301) - Revises the definitions of "capital gain dividend" and "exempt-interest dividend" for purposes of the taxation of RICs and their shareholders to require such dividends to be reported to shareholders in written statements. Sets forth a special rule for the allocation of the excess reported amounts of such dividends.

(Sec. 302) Excludes net capital losses of RICs from earnings and profits. Prohibits an RIC's earnings and profits from being reduced by any amount which is not allowable as a deduction in computing taxable income, except with respect to such a net capital loss.

(Sec. 303) Allows an RIC, in the case of a qualified fund of funds, to pay exempt-interest dividends and allow its shareholders the foreign tax credit without regard to certain investment requirements in state and local bonds and foreign securities.

(Sec. 304) Modifies rules for dividends paid by RICs after the close of a taxable year (spillover dividends).

(Sec. 305) Revises the method for allocating RIC earnings and profits to require such earnings and profits to be allocated first to distributions made prior to December 31 of a calendar year.

(Sec. 306) Allows RICs with shares that are redeemable upon demand to treat distributions in redemption of stock as an exchange for income tax purposes.

(Sec. 307) Repeals preferential dividend rules for RICs that are publicly offered.

(Sec. 308) Allows an RIC to elect to treat a post-October capital loss and any late-year ordinary loss as arising on the first day of the following taxable year.

(Sec. 309) Exempts from holding period requirements applicable to RIC stock regular dividends paid by an RIC which declares exempt-interest dividends on a daily basis in an amount equal to at least 90% of its net tax-exempt interest and distributes such dividends on a monthly or more frequent basis.

**Title IV: Modifications Related to Excise Tax Applicable to Regulated Investment Companies** - (Sec. 401) Extends the exemption from excise tax for failure to distribute taxable income of an RIC to other tax-exempt entities with an ownership interest in an RIC.

(Sec. 402) Allows specified gain and loss of an RIC derived after October 31 of a calendar year to be deferred, for excise tax purposes, until January 1 of the following calendar year.

(Sec. 403) Sets forth a special rule for estimated excise tax payments of RICs.

(Sec. 404) Increases from 98% to 98.2% the amount of capital gain net income RICs are required to distribute.

**Title V: Other Provisions** - (Sec. 501) Repeals the additional penalty on RICs for tax deficiencies for which a deficiency dividend has been distributed.

(Sec. 502) Modifies the deferral rule for load charges in acquiring RIC stock where the taxpayer acquires the RIC stock before January 31 of the calendar year following the calendar year in which the original stock is sold.

## **Actions Timeline**

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- **Dec 22, 2010:** Signed by President.
- **Dec 22, 2010:** Became Public Law No: 111-325.
- **Dec 17, 2010:** Presented to President.
- **Dec 15, 2010:** Mr. Levin moved that the House suspend the rules and agree to the Senate amendment. (consideration: CR H8472-8417)
- **Dec 15, 2010:** DEBATE - The House proceeded with forty minutes of debate on the Senate amendment to H.R. 4337.
- **Dec 15, 2010:** Resolving differences -- House actions: On motion that the House suspend the rules and agree to the Senate amendment Agreed to by voice vote.(text as House agreed to Senate amendment: CR H8412-8417)
- **Dec 15, 2010:** On motion that the House suspend the rules and agree to the Senate amendment Agreed to by voice vote. (text as House agreed to Senate amendment: CR H8412-8417)
- **Dec 15, 2010:** Motion to reconsider laid on the table Agreed to without objection.
- **Dec 15, 2010:** Cleared for White House.
- **Dec 9, 2010:** Message on Senate action sent to the House.
- **Dec 8, 2010:** Measure laid before Senate by unanimous consent. (consideration: CR S8651)
- **Dec 8, 2010:** Passed/agreed to in Senate: Passed Senate with an amendment by Unanimous Consent.
- **Dec 8, 2010:** Passed Senate with an amendment by Unanimous Consent.
- **Nov 15, 2010:** Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 640.
- **Sep 29, 2010:** Received in the Senate. Read the first time. Placed on Senate Legislative Calendar under Read the First Time.
- **Sep 28, 2010:** Mr. Neal (MA) moved to suspend the rules and pass the bill, as amended.
- **Sep 28, 2010:** Considered under suspension of the rules. (consideration: CR H7064-7070)
- **Sep 28, 2010:** DEBATE - The House proceeded with forty minutes of debate on H.R. 4337.
- **Sep 28, 2010:** Passed/agreed to in House: On motion to suspend the rules and pass the bill, as amended Agreed to by voice vote.(text: CR H7064-7069)
- **Sep 28, 2010:** On motion to suspend the rules and pass the bill, as amended Agreed to by voice vote. (text: CR H7064-7069)
- **Sep 28, 2010:** Motion to reconsider laid on the table Agreed to without objection.
- **Dec 16, 2009:** Introduced in House
- **Dec 16, 2009:** Referred to the House Committee on Ways and Means.