



Sen. Bill Cunningham

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10200SB2430sam001

LRB102 10351 HLH 24280 a

1 AMENDMENT TO SENATE BILL 2430

2 AMENDMENT NO. _____. Amend Senate Bill 2430 by replacing
3 everything from line 13 on page 13 through line 3 on page 16
4 with the following:

5 "(11.5) Investment partnership.

6 (A) For tax years ending before January 1, 2021,
7 the ~~The~~ term "investment partnership" means any entity
8 that is treated as a partnership for federal income
9 tax purposes that meets the following requirements:

10 (i) no less than 90% of the partnership's cost
11 of its total assets consists of qualifying
12 investment securities, deposits at banks or other
13 financial institutions, and office space and
14 equipment reasonably necessary to carry on its
15 activities as an investment partnership;

16 (ii) no less than 90% of its gross income
17 consists of interest, dividends, and gains from
18 the sale or exchange of qualifying investment

1 securities; and

2 (iii) the partnership is not a dealer in
3 qualifying investment securities.

4 (A-5) For tax years ending on or after January 1,
5 2021, the term "investment partnership" means any
6 entity that is treated as a partnership for federal
7 income tax purposes that meets the following
8 requirements:

9 (i) no less than 90% of the partnership's cost
10 of its total assets consists of qualifying
11 investment securities, deposits at banks or other
12 financial institutions, and office space and
13 equipment reasonably necessary to carry on its
14 activities as an investment partnership; and

15 (ii) no less than 90% of its gross income
16 consists of interest, dividends, gains from the
17 sale or exchange of qualifying investment
18 securities, and the distributive share of
19 partnership income from lower-tier partnership
20 interests meeting the definition of qualifying
21 investment security under subparagraph (B)(xiii);
22 gross income does not include income from
23 partnerships that are operating at a federal
24 taxable loss.

25 (B) For purposes of this paragraph (11.5), the
26 term "qualifying investment securities" (other than,

1 for tax years ending on or after January 1, 2021,
2 securities with respect to which the taxpayer is
3 required to apply the rules of Internal Revenue Code
4 Section 475(a)) includes all of the following:

5 (i) common stock, including preferred or debt
6 securities convertible into common stock, and
7 preferred stock;

8 (ii) bonds, debentures, and other debt
9 securities;

10 (iii) foreign and domestic currency deposits
11 secured by federal, state, or local governmental
12 agencies;

13 (iv) mortgage or asset-backed securities
14 secured by federal, state, or local governmental
15 agencies;

16 (v) repurchase agreements and loan
17 participations;

18 (vi) foreign currency exchange contracts and
19 forward and futures contracts on foreign
20 currencies;

21 (vii) stock and bond index securities and
22 futures contracts and other similar financial
23 securities and futures contracts on those
24 securities;

25 (viii) options for the purchase or sale of any
26 of the securities, currencies, contracts, or

1 financial instruments described in items (i) to
2 (vii), inclusive;

3 (ix) regulated futures contracts;

4 (x) commodities (not described in Section
5 1221(a)(1) of the Internal Revenue Code) or
6 futures, forwards, and options with respect to
7 such commodities, provided, however, that any item
8 of a physical commodity to which title is actually
9 acquired in the partnership's capacity as a dealer
10 in such commodity shall not be a qualifying
11 investment security;

12 (xi) derivatives; ~~and~~

13 (xii) a partnership interest in another
14 partnership that is an investment partnership; and

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16 (xiii) for tax years ending on or after
17 January 1, 2021, a partnership interest which, in
18 the hands of the partnership, qualifies as a
19 security within the meaning of Section 2(a)(1) of
20 the federal Securities Act of 1933."