

**AMENDMENT TO THE RULES COMMITTEE PRINT
FOR H.R. 4909
OFFERED BY MRS. DAVIS OF CALIFORNIA**

At the end of subtitle A of title VI, add the following
new section:

1 **SEC. 6** ____ . **BASIC ALLOWANCE FOR HOUSING AND CERTAIN**
2 **FEDERAL BENEFITS.**

3 (a) **EXCLUSION OF BAH.**—Section 403(k) of title 37,
4 United States Code, is amended by adding at the end the
5 following new paragraph:
6 “(4) In determining the eligibility to participate in
7 the supplemental nutrition assistance program and the
8 Family Subsistence Supplemental Allowance program the
9 value of a housing allowance under this section shall be
10 excluded from any calculation of income, assets, or re-
11 sources.”.

12 (b) **CONFORMING AMENDMENT.**—Section 5(d) of the
13 Food and Nutrition Act of 2008 (7 U.S.C. 2014(d)) is
14 amended—

15 (1) in paragraph (18), by striking “; and” and
16 inserting a semicolon;

17 (2) in paragraph (19)(B), by striking the period
18 and inserting “; and”; and

1 (3) by adding at the end the following new
2 paragraph:

3 “(20) allowance covered by section 403(k)(4) of
4 title 37, United States Code.”.

5 (c) OFFSET.—

6 (1) TAXATION OF PASSENGER CRUISE GROSS
7 INCOME OF FOREIGN CORPORATIONS AND NON-
8 RESIDENT ALIEN INDIVIDUALS.—

9 (A) IN GENERAL.—Section 882 of the In-
10 ternal Revenue Code of 1986 is amended by re-
11 designating subsection (f) as subsection (g) and
12 by inserting after subsection (e) the following
13 new subsection:

14 “(f) TREATMENT OF PASSENGER CRUISE GROSS IN-
15 COME.—

16 “(1) IN GENERAL.—For purposes of this title,
17 the effectively connected passenger cruise gross in-
18 come of a foreign corporation shall be treated as
19 gross income which is effectively connected with the
20 conduct of a trade or business in the United States.

21 “(2) EFFECTIVELY CONNECTED PASSENGER
22 CRUISE GROSS INCOME.—For purposes of this sub-
23 section, the term ‘effectively connected passenger
24 cruise gross income’ means, with respect to the oper-
25 ation of any ship in a covered voyage, the United

1 States territorial waters percentage of the gross in-
2 come (determined without regard to section
3 883(a)(1)) derived from such operation, including
4 any amount received with respect to the provision of
5 any on- or off-board activities, services, or sales,
6 with respect to passengers incidental to such oper-
7 ation (or with respect to any agreement with any
8 person with respect to the provision of any such ac-
9 tivities, services, or sales).

10 “(3) UNITED STATES TERRITORIAL WATERS
11 PERCENTAGE.—For purposes of this subsection—

12 “(A) IN GENERAL.—The term ‘United
13 States territorial waters percentage’ means,
14 with respect to the operation of any ship in any
15 covered voyage, the ratio (expressed as a per-
16 centage) of—

17 “(i) the number of days during such
18 voyage such ship was operated in the terri-
19 torial waters of the United States, divided
20 by

21 “(ii) the total number of days of such
22 voyage.

23 “(B) CALENDAR DAY RULE.—If a ship—

24 “(i) is operated in a covered voyage,
25 or

1 “(ii) is operated in the territorial
2 waters of the United States during a cov-
3 ered voyage,
4 for any portion of a calendar day, such ship
5 shall be treated as having operated in a covered
6 voyage, or as having operated in such territorial
7 waters, respectively, for the entirety of such
8 day.

9 “(C) TERRITORIAL WATERS.—The terri-
10 torial waters of the United States shall be
11 treated as consisting of those waters which
12 are—

13 “(i) within the international boundary
14 line between the United States and any
15 contiguous foreign country, or

16 “(ii) within 12 nautical miles from low
17 tide on the coastline of the United States.

18 “(4) COVERED VOYAGE.—For purposes of this
19 subsection—

20 “(A) IN GENERAL.—The term ‘covered
21 voyage’ has the meaning given such term by
22 section 4472(1).

23 “(B) ANTI-ABUSE RULE.—Except as oth-
24 erwise provided by the Secretary, if passengers
25 embark a ship in the United States and more

1 than 10 percent of such passengers disembark
2 in the United States, the operation of such ship
3 at all times between such events shall be treat-
4 ed as a covered voyage. Nothing in the pre-
5 ceding sentence shall preclude any operation of
6 a ship (including any operation of a ship before
7 or after such events) which would otherwise be
8 treated as part of a covered voyage from being
9 so treated.

10 “(5) TREATMENT OF OTHERWISE EFFECTIVELY
11 CONNECTED INCOME.—Gross income which would,
12 without regard to this subsection, be gross income
13 which is effectively connected with the conduct of a
14 trade or business in the United States—

15 “(A) shall be so treated, and

16 “(B) shall not be taken into account as
17 gross income under paragraph (2).”.

18 (B) APPLICATION TO NONRESIDENT ALIEN
19 INDIVIDUALS.—Section 871 of the Internal
20 Revenue Code of 1986 is amended by redesign-
21 ating subsection (n) as subsection (o) and by
22 inserting after subsection (m) the following new
23 subsection:

24 “(n) TREATMENT OF PASSENGER CRUISE GROSS IN-
25 COME.—

1 “(1) IN GENERAL.—For purposes of this title,
2 the effectively connected passenger cruise gross in-
3 come of a nonresident alien individual shall be treat-
4 ed as gross income which is effectively connected
5 with the conduct of a trade or business in the
6 United States.

7 “(2) DEFINITIONS AND SPECIAL RULES.—For
8 purposes of this subsection—

9 “(A) DEFINITIONS.—Terms used in this
10 subsection which are also used in section 882(f)
11 shall have the same meaning as when used in
12 such section, except that section 882(f)(2) shall
13 be applied by substituting ‘section 872(b)(1)’
14 for ‘section 883(a)(1)’.

15 “(B) TREATMENT OF OTHERWISE EFFEC-
16 TIVELY CONNECTED INCOME.—Rules similar to
17 the rules of section 882(f)(5) shall apply for
18 purposes of this subsection.”.

19 (C) COORDINATION WITH RECIPROCAL EX-
20 EMPTIONS FOR SHIPPING INCOME.—

21 (i) IN GENERAL.—Section 883(a)(1)
22 of the Internal Revenue Code of 1986 is
23 amended by striking “Gross income” and
24 inserting “Except as provided in section
25 882(f), gross income”.

1 (ii) NONRESIDENT ALIEN INDIVID-
2 UALS.—Section 872(b)(1) of the Internal
3 Revenue Code of 1986 is amended by
4 striking “Gross income” and inserting
5 “Except as provided in section 871(n),
6 gross income”.

7 (D) COORDINATION WITH TAX ON GROSS
8 TRANSPORTATION INCOME.—Section 887(b)(4)
9 of the Internal Revenue Code of 1986 is
10 amended by adding at the end the following
11 new flush text:

12 “The preceding sentence shall not apply to any
13 United States source gross transportation income
14 which is effectively connected passenger cruise gross
15 income (within the meaning of section 871(n) or
16 882(f)).”.

17 (2) EFFECTIVE DATE.—The amendments made
18 by this subsection shall apply to taxable years begin-
19 ning after December 31, 2016.

