AMENDMENT NO. 1659

Purpose: To extend and modify certain charitable tax provisions.


HR 1

To provide for the extension of charitable tax provisions

By

To: H.R. 1

Refer

Page(s)

AMENDMENT N.° 1659 to the amendment (No. ______) proposed by

Viz:

1 At the end of subpart B of part IX of subtitle C of title I, insert the following:

SEC. 13824. SENSE OF THE SENATE RELATING TO THE PROTECTION OF CHARITABLE DEDUCTIONS.

(a) FINDINGS.—The Senate makes the following findings:

(1) The deduction for charitable contributions has been an important and effective part of the tax code for almost 100 years.
(2) The deduction for charitable contributions is unique as it is the only provision that encourages taxpayers to give away a portion of their income for the benefit of others.

(3) In 2012, nonprofit organizations provided 11,400,000 jobs, accounting for 10.3 percent of the country's private-sector workforce.

(4) In 2015, total charitable giving was estimated to be $373,250,000,000 (a 4.1-percent increase from 2014) and accounted for 2.1 percent of the gross domestic product.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) encouraging charitable giving should be a goal of tax reform; and

(2) Congress should ensure that the value and scope of the deduction for charitable contributions is not diminished during a comprehensive reform of the tax code.

SEC. 13825. INCREASE IN CARRYOVER PERIOD FOR EXCESS CHARITABLE CONTRIBUTIONS.

(a) INDIVIDUALS.—Section 170(d)(1)(A) is amended—

(1) by striking "5 succeeding taxable years" and inserting "15 succeeding taxable years", and
(2) by striking "the second, third, fourth, or
fifth succeeding taxable year" in clause (ii) and in-
serting "the second or any succeeding taxable year
in such 15-year period".
(b) CORPORATIONS.—Section 170(d)(2)(A) is amend-
ed—
(1) by striking "5 succeeding taxable years"
and inserting "15 succeeding taxable years", and
(2) by striking "the second, third, fourth, or
fifth succeeding taxable year" in clause (ii) and in-
serting "the second or any succeeding taxable year
in such 15-year period".
(c) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
December 31, 2017.

SEC. 13826. DETERMINATION OF STANDARD MILEAGE RATE
FOR CHARITABLE CONTRIBUTIONS DEDUCTION.

(a) DETERMINATION OF STANDARD MILEAGE RATE
FOR CHARITABLE CONTRIBUTIONS DEDUCTION.—Sub-
section (i) of section 170 is amended to read as follows:
"(i) STANDARD MILEAGE RATE FOR USE OF PAS-
SENGER AUTOMOBILE.—For purposes of computing the
deduction under this section for use of a passenger auto-
mobile, the standard mileage rate shall be the rate deter-
mined by the Secretary, which rate shall not be less than
the standard mileage rate used for purposes of section
213.”.
(b) EFFECTIVE DATE.—The amendment made by
this section shall apply to miles traveled after the date
of the enactment of this Act.

SEC. 13827. MODIFICATION OF RULES RELATING TO DONOR
ADvised FUNDS.

(a) ALLOWANCE OF TAX-FREE CHARITABLE DIS-
TRIBUTIONS FROM INDIVIDUAL RETIREMENT AC-
COUNTS.—

(1) IN GENERAL.—Clause (i) of section
408(d)(8)(B) is amended by striking “or any fund
or account described in section 4966(d)(2)”.

(2) EFFECTIVE DATE.—The amendment made
by this subsection shall apply to distributions made
in taxable years beginning after December 31, 2016.

(b) RETURN DISCLOSURES.—

(1) DISTRIBUTIONS.—Subsection (k) of section
6033 is amended—

(A) in paragraph (2), by striking “and” at
the end;

(B) in paragraph (3), by striking the pe-
period at the end and inserting a comma; and
(C) by adding at the end the following new paragraphs:

"(4) list the total number of such funds which were in existence for the 36-month period ending at the close of such taxable year,

"(5) list the total number of funds described in paragraph (4) which made at least 1 grant during the period described in such paragraph, and

"(6) set forth—

"(A) whether such organization has a publicly available policy with respect to funds which are inactive, dormant, or do not make distributions during the period described in paragraph (4),

"(B) a description of the organization’s policy for responding to funds described in subparagraph (A) or a statement that no such policy is in effect, and

"(C) whether such organization regularly and consistently monitors and enforces compliance with the policy described in subparagraph (A) with respect to such funds.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to returns for taxable years beginning after December 31, 2017.
SEC. 13828. MODIFICATION OF THE TAX RATE FOR THE EX-
CISE TAX ON INVESTMENT INCOME OF PRI-
VATE FOUNDATIONS.

(a) In General.—Section 4940(a) is amended by
striking "2 percent" and inserting "1 percent".

(b) Elimination of Reduced Tax Where Foun-
dation Meets Certain Distribution Require-
ments.—Section 4940 of such Code is amended by strik-
ing subsection (e).

(c) Effective Date.—The amendments made by
this section shall apply to taxable years beginning after
the date of the enactment of this Act.

SEC. 13829. EXCEPTION FROM PRIVATE FOUNDATION EX-
CESS BUSINESS HOLDING TAX FOR INDE-
PENDENTLY-OPERATED PHILANTHROPIC
BUSINESS HOLDINGS.

(a) In General.—Section 4943 is amended by add-
ing at the end the following new subsection:

"(g) Exception for Certain Holdings Limited
to Independently-operated Philanthropic Busi-
ness.—

"(1) In General.—Subsection (a) shall not
apply with respect to the holdings of a private foun-
dation in any business enterprise which meets the
requirements of paragraphs (2), (3), and (4) for the
taxable year."
“(2) OWNERSHIP.—The requirements of this paragraph are met if—

“(A) 100 percent of the voting stock in the business enterprise is held by the private foundation at all times during the taxable year, and

“(B) all the private foundation’s ownership interests in the business enterprise were acquired by means other than by purchase.

“(3) ALL PROFITS TO CHARITY.—

“(A) IN GENERAL.—The requirements of this paragraph are met if the business enterprise, not later than 120 days after the close of the taxable year, distributes an amount equal to its net operating income for such taxable year to the private foundation.

“(B) NET OPERATING INCOME.—For purposes of this paragraph, the net operating income of any business enterprise for any taxable year is an amount equal to the gross income of the business enterprise for the taxable year, reduced by the sum of—

“(i) the deductions allowed by chapter 1 for the taxable year which are directly connected with the production of such income,
“(ii) the tax imposed by chapter 1 on
the business enterprise for the taxable
year, and

“(iii) an amount for a reasonable re-
serve for working capital and other busi-
ness needs of the business enterprise.

“(4) INDEPENDENT OPERATION.—The require-
ments of this paragraph are met if, at all times dur-
ing the taxable year—

“(A) no substantial contributor (as defined
in section 4958(e)(3)(C)) to the private founda-
tion or family member (as determined under
section 4958(f)(4)) of such a contributor is a
director, officer, trustee, manager, employee, or
contractor of the business enterprise (or an in-
dividual having powers or responsibilities simi-
lar to any of the foregoing),

“(B) at least a majority of the board of di-
rectors of the private foundation are persons
who are not—

“(i) directors or officers of the busi-
ness enterprise, or

“(ii) family members (as so deter-
mimed) of a substantial contributor (as so
defined) to the private foundation, and
“(C) there is no loan outstanding from the
business enterprise to a substantial contributor
(as so defined) to the private foundation or to
any family member of such a contributor (as so
determined).

“(5) CERTAIN DEEMED PRIVATE FOUNDATIONS
EXCLUDED.—This subsection shall not apply to—

“(A) any fund or organization treated as a
private foundation for purposes of this section
by reason of subsection (e) or (f),

“(B) any trust described in section
4947(a)(1) (relating to charitable trusts), and

“(C) any trust described in section
4947(a)(2) (relating to split-interest trusts).”.

(b) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
December 31, 2017.