

115TH CONGRESS
1ST SESSION

H. R. 1416

To amend the Internal Revenue Code of 1986 to exclude from gross income contributions to the capital of a partnership, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 2017

Mr. TIBERI (for himself, Mr. DANNY K. DAVIS of Illinois, and Mr. SMITH of Missouri) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income contributions to the capital of a partnership, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Preserving Investment
5 in Neighborhoods Act”.

6 **SEC. 2. EXCLUSION OF CONTRIBUTIONS TO CAPITAL OF**
7 **PARTNERSHIP.**

8 (a) IN GENERAL.—Subsection (a) of section 118 of
9 the Internal Revenue Code of 1986 is amended by insert-

1 ing before the period at the end the following: “, and, in
2 the case of a partnership, gross income shall not include
3 contributions to the capital of the partnership”.

4 (b) BASIS OF PROPERTY CONTRIBUTED TO PART-
5 NERSHIP.—Section 723 of such Code is amended—

6 (1) by striking “The basis of property” and in-
7 serting the following:

8 “(a) IN GENERAL.—Except as provided in subsection
9 (b), the basis of property”, and

10 (2) by adding at the end the following new sub-
11 section:

12 “(b) CONTRIBUTIONS TO CAPITAL.—

13 “(1) PROPERTY OTHER THAN MONEY.—If prop-
14 erty other than money—

15 “(A) is acquired by a partnership as a con-
16 tribution to capital, and

17 “(B) is not contributed by a partner as
18 such,

19 then the basis of such property shall be zero.

20 “(2) MONEY.—If money—

21 “(A) is received by a partnership as a con-
22 tribution to capital, and

23 “(B) is not contributed by a partner as
24 such,

1 then the basis of any property acquired with such
2 money during the 12-month period beginning on the
3 day the contribution is received shall be reduced by
4 the amount of such contribution. The excess (if any)
5 of the amount of such contribution over the amount
6 of the reduction under the preceding sentence shall
7 be applied to the reduction (as of the last day of the
8 period specified in the preceding sentence) of the
9 basis of any other property of the partnership. The
10 particular properties to which the reductions re-
11 quired by this paragraph shall be allocated shall be
12 determined under regulations prescribed by the Sec-
13 retary.”.

14 (c) NO INCREASE IN BASIS OF PARTNER’S INTER-
15 EST.—Subparagraph (B) of section 705(a)(1) of such
16 Code is amended by inserting “(other than amounts ex-
17 cluded from gross income under section 118)” after “ex-
18 empt from tax under this title”.

19 (d) CONFORMING AMENDMENT.—The heading for
20 section 118 of such Code is amended by striking “**OF A**
21 **CORPORATION**” and inserting “**OF CORPORATIONS**
22 **AND PARTNERSHIPS**”.

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to contributions made after the
25 date of the enactment of this Act.

1 (f) NO INFERENCE.—Nothing contained in this sec-
2 tion or the amendments made by this section shall be con-
3 strued to create any inference under the Internal Revenue
4 Code of 1986 with respect to the treatment of contribu-
5 tions to the capital of partnerships made on or before the
6 date of the enactment of this Act.

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