

115TH CONGRESS
1ST SESSION

H. R. 1649

To assist entrepreneurs, support development of the creative economy, and encourage international cultural exchange, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2017

Mrs. DINGELL introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Small Business, Transportation and Infrastructure, the Judiciary, Education and the Workforce, Financial Services, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To assist entrepreneurs, support development of the creative economy, and encourage international cultural exchange, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Comprehensive Resources for Entrepreneurs in the Arts
6 to Transform the Economy Act of 2017” or the “CRE-
7 ATE Act of 2017”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SUPPORT FOR ARTISTS AND ENTREPRENEURS

Sec. 101. Charitable contributions of certain items created by the taxpayer.
 Sec. 102. Microloan program expansion.
 Sec. 103. SBA business loans for the creative economy.
 Sec. 104. SBA technical assistance programs.
 Sec. 105. Arts-focused economic development.
 Sec. 106. Arts-focused rural development.
 Sec. 107. International participation in the arts.
 Sec. 108. Disaster support for artists through FEMA.

TITLE II—SUPPORT FOR THE CREATIVE ECONOMY

Sec. 201. Modification of rules for charitable contributions of fractional gifts.
 Sec. 202. Capital gains tax rate relating to art.

TITLE III—CREATIVE COMMUNITY DEVELOPMENT

Sec. 301. Artist corps.
 Sec. 302. Community development entities focused on the arts for purposes of
 the new markets tax credit.
 Sec. 303. Demonstration program on support of local programs that promote
 creative and performance arts in local economic planning.

3 **TITLE I—SUPPORT FOR ARTISTS**
 4 **AND ENTREPRENEURS**

5 **SEC. 101. CHARITABLE CONTRIBUTIONS OF CERTAIN**
 6 **ITEMS CREATED BY THE TAXPAYER.**

7 (a) IN GENERAL.—Subsection (e) of section 170 of
 8 the Internal Revenue Code of 1986 is amended by adding
 9 at the end the following new paragraph:

10 “(8) SPECIAL RULE FOR CERTAIN CONTRIBU-
 11 TIONS OF LITERARY, MUSICAL, OR ARTISTIC COM-
 12 POSITIONS.—

13 “(A) IN GENERAL.—In the case of a quali-
 14 fied artistic charitable contribution—

1 “(i) the amount of such contribution
2 shall be the fair market value of the prop-
3 erty contributed (determined at the time of
4 such contribution), and

5 “(ii) no reduction in the amount of
6 such contribution shall be made under
7 paragraph (1).

8 “(B) QUALIFIED ARTISTIC CHARITABLE
9 CONTRIBUTION.—For purposes of this para-
10 graph, the term ‘qualified artistic charitable
11 contribution’ means a charitable contribution of
12 any literary, musical, artistic, or scholarly com-
13 position, or similar property, or the copyright
14 thereon (or both), but only if—

15 “(i) such property was created by the
16 personal efforts of the taxpayer making
17 such contribution no less than 18 months
18 prior to such contribution,

19 “(ii) the taxpayer—

20 “(I) has received a qualified ap-
21 praisal of the fair market value of
22 such property in accordance with the
23 regulations under this section, and

24 “(II) attaches to the taxpayer’s
25 income tax return for the taxable year

1 in which such contribution was made
2 a copy of such appraisal,

3 “(iii) the donee is an organization de-
4 scribed in subsection (b)(1)(A),

5 “(iv) the use of such property by the
6 donee is related to the purpose or function
7 constituting the basis for the donee’s ex-
8 emption under section 501 (or, in the case
9 of a governmental unit, to any purpose or
10 function described under subsection (c)),

11 “(v) the taxpayer receives from the
12 donee a written statement representing
13 that the donee’s use of the property will be
14 in accordance with the provisions of clause
15 (iv), and

16 “(vi) the written appraisal referred to
17 in clause (ii) includes evidence of the ex-
18 tent (if any) to which property created by
19 the personal efforts of the taxpayer and of
20 the same type as the donated property is
21 or has been—

22 “(I) owned, maintained, and dis-
23 played by organizations described in
24 subsection (b)(1)(A), and

1 “(II) sold to or exchanged by
2 persons other than the taxpayer,
3 donee, or any related person (as de-
4 fined in section 465(b)(3)(C)).

5 “(C) MAXIMUM DOLLAR LIMITATION; NO
6 CARRYOVER OF INCREASED DEDUCTION.—The
7 increase in the deduction under this section by
8 reason of this paragraph for any taxable year—

9 “(i) shall not exceed the artistic ad-
10 justed gross income of the taxpayer for
11 such taxable year, and

12 “(ii) shall not be taken into account in
13 determining the amount which may be car-
14 ried from such taxable year under sub-
15 section (d).

16 “(D) ARTISTIC ADJUSTED GROSS IN-
17 COME.—For purposes of this paragraph, the
18 term ‘artistic adjusted gross income’ means
19 that portion of the adjusted gross income of the
20 taxpayer for the taxable year attributable to—

21 “(i) income from the sale or use of
22 property created by the personal efforts of
23 the taxpayer which is of the same type as
24 the donated property, and

1 “(ii) income from teaching, lecturing,
2 performing, or similar activity with respect
3 to property described in clause (i).

4 “(E) PARAGRAPH NOT TO APPLY TO CER-
5 TAIN CONTRIBUTIONS.—Subparagraph (A) shall
6 not apply to any charitable contribution of any
7 letter, memorandum, or similar property which
8 was written, prepared, or produced by or for an
9 individual while the individual is an officer or
10 employee of any person (including any govern-
11 ment agency or instrumentality) unless such
12 letter, memorandum, or similar property is en-
13 tirely personal.

14 “(F) COPYRIGHT TREATED AS SEPARATE
15 PROPERTY FOR PARTIAL INTEREST RULE.—In
16 the case of a qualified artistic charitable con-
17 tribution, the tangible literary, musical, artistic,
18 or scholarly composition, or similar property
19 and the copyright on such work shall be treated
20 as separate properties for purposes of this para-
21 graph and subsection (f)(3).”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to contributions made after the
24 date of the enactment of this Act in taxable years ending
25 after such date.

1 **SEC. 102. MICROLOAN PROGRAM EXPANSION.**

2 Section 7(m)(6) of the Small Business Act (15
3 U.S.C. 636(m)(6)) is amended by adding at the end the
4 following:

5 “(F) LOAN CRITERIA FOR ARTISTS AND
6 ARTS ENTREPRENEURS.—The Administration,
7 in consultation with eligible intermediaries,
8 shall develop loan criteria to ensure that small
9 business concerns owned and controlled by art-
10 ists and small business concerns that support
11 the creative economy receive loan proceeds
12 under this subsection.”.

13 **SEC. 103. SBA BUSINESS LOANS FOR THE CREATIVE ECON-**
14 **OMY.**

15 Section 7(a) of the Small Business Act (15 U.S.C.
16 636(a)) is amended by adding at the end the following:

17 “(35) CREATIVE ECONOMY.—In providing as-
18 sistance under this subsection, the Administration
19 shall develop procedures to evaluate the business
20 proposals and business plans of small business con-
21 cerns that focus on economic development, job cre-
22 ation, and community growth with respect to the
23 creative economy.”.

24 **SEC. 104. SBA TECHNICAL ASSISTANCE PROGRAMS.**

25 Section 21 of the Small Business Act (15 U.S.C. 648)
26 is amended by adding at the end the following:

1 “(o) TECHNICAL ASSISTANCE PROGRAMS FOR ART-
2 ISTS AND ARTS ENTREPRENEURS.—The Administration,
3 in consultation with relevant stakeholders, shall develop
4 technical assistance programs to be carried out by small
5 business development centers under this subsection that
6 target the specific needs of artists and arts entre-
7 preneurs.”.

8 **SEC. 105. ARTS-FOCUSED ECONOMIC DEVELOPMENT.**

9 Title II of the Public Works and Economic Develop-
10 ment Act of 1965 (42 U.S.C. 3141 et seq.) is amended
11 by adding at the end the following:

12 **“SEC. 219. ARTS-FOCUSED ECONOMIC DEVELOPMENT.**

13 “(a) DEFINITIONS.—In this section:

14 “(1) BUSINESS INCUBATION PROGRAM.—The
15 term ‘business incubation program’ means a pro-
16 gram that—

17 “(A) accelerates the successful develop-
18 ment of entrepreneurial businesses through
19 business support resources and services, devel-
20 oped or orchestrated by incubator management;

21 “(B) is designed to produce successful
22 businesses; and

23 “(C) provides management guidance, tech-
24 nical assistance, and consulting designed for

1 young, growing businesses, including by pro-
2 viding—

3 “(i) rental space and flexible leases;

4 “(ii) shared basic business services
5 and equipment;

6 “(iii) technology support services; and

7 “(iv) assistance in obtaining financing
8 necessary for growth of the business.

9 “(2) INCUBATOR.—The term ‘incubator’ means
10 a multitenant facility with on-site management that
11 directs a business incubation program.

12 “(b) ARTS-FOCUSED ECONOMIC DEVELOPMENT.—In
13 providing grants and assistance under this Act (including
14 through the local technical assistance, partnership plan-
15 ning, and comprehensive economic development strategies
16 programs of the Economic Development Administration),
17 the Secretary shall provide to artists and the creative
18 economy support through traditional economic develop-
19 ment tools, including—

20 “(1) incubators; and

21 “(2) economic development planning and tech-
22 nical assistance.”.

1 **SEC. 106. ARTS-FOCUSED RURAL DEVELOPMENT.**

2 The Consolidated Farm and Rural Development Act
3 (7 U.S.C. 1921 et seq.) is amended by adding at the end
4 the following:

5 **“Subtitle J—Arts-Focused**
6 **Economic Development**

7 **“SEC. 386A. ARTS-FOCUSED ECONOMIC DEVELOPMENT.**

8 “(a) DEFINITIONS.—In this section:

9 “(1) BUSINESS INCUBATION PROGRAM.—The
10 term ‘business incubation program’ means a pro-
11 gram that—

12 “(A) accelerates the successful develop-
13 ment of entrepreneurial businesses through
14 business support resources and services, devel-
15 oped or orchestrated by incubator management;

16 “(B) is designed to produce successful
17 businesses; and

18 “(C) provides management guidance, tech-
19 nical assistance, and consulting designed for
20 young, growing businesses, including by pro-
21 viding—

22 “(i) rental space and flexible leases;

23 “(ii) shared basic business services
24 and equipment;

25 “(iii) technology support services; and

1 “(iv) assistance in obtaining financing
2 necessary for growth of the business.

3 “(2) INCUBATOR.—The term ‘incubator’ means
4 a multitenant facility with on-site management that
5 directs a business incubation program.

6 “(b) ARTS-FOCUSED ECONOMIC DEVELOPMENT.—In
7 providing grants and assistance under this Act (including
8 through the local technical assistance, partnership plan-
9 ning, and comprehensive economic development strategies
10 programs of the Office of Rural Development), the Sec-
11 retary, acting through the Under Secretary for Rural De-
12 velopment, shall provide to artists and the creative econ-
13 omy support through traditional economic development
14 tools, including—

15 “(1) incubators; and

16 “(2) economic development planning and tech-
17 nical assistance.”.

18 **SEC. 107. INTERNATIONAL PARTICIPATION IN THE ARTS.**

19 Section 214(c)(6)(D) of the Immigration and Nation-
20 ality Act (8 U.S.C. 1184(c)(6)(D)) is amended—

21 (1) in the first sentence, by inserting “(i)” be-
22 fore “Any person”;

23 (2) in the second sentence—

24 (A) by striking “Once” and inserting “Ex-
25 cept as provided in clause (ii), once”; and

1 (B) by striking “Attorney General shall”
2 and inserting “Secretary of Homeland Security
3 shall”;

4 (3) in the third sentence, by striking “The At-
5 torney General” and inserting “The Secretary”; and

6 (4) by adding at the end the following:

7 “(ii) The Secretary of Homeland Security shall adju-
8 dicate each petition for an alien with extraordinary ability
9 in the arts (as described in section 101(a)(15)(O)(i)), an
10 alien accompanying such an alien (as described in section
11 101(a)(15)(O)(ii)), or an alien described in section
12 101(a)(15)(P) (other than an alien described in section
13 214(c)(4)(A) (relating to athletes)) not later than 14 days
14 after—

15 “(I) the date on which the petitioner submits
16 the petition with a written advisory opinion, letter of
17 no objection, or request for a waiver; or

18 “(II) the date on which the 15-day period de-
19 scribed in clause (i) has expired, if the petitioner has
20 had an opportunity to supply rebuttal evidence.

21 “(iii) If a petition described in clause (ii) is not adju-
22 dicated by the end of the 14-day period described in clause
23 (ii) and the petitioner is an arts organization described
24 in paragraph (3), (5), or (6) of section 501(c) of the Inter-
25 nal Revenue Code of 1986 and exempt from tax under

1 section 501(a) of such Code for the taxable year preceding
2 the calendar year in which the petition is submitted, or
3 an individual or entity petitioning primarily on behalf of
4 such an organization, the Secretary of Homeland Security
5 shall provide the petitioner with the premium-processing
6 services referred to in section 286(u), without a fee.”.

7 **SEC. 108. DISASTER SUPPORT FOR ARTISTS THROUGH**
8 **FEMA.**

9 (a) IN GENERAL.—The President, acting through the
10 Administrator of the Federal Emergency Management
11 Agency, shall promulgate rules to ensure that expenses in-
12 curred, as a result of a major disaster or emergency, by
13 a self-employed or freelance worker, including a craft art-
14 ist, fine artist, designer, literary artist, performing artist,
15 or musician, to repair or replace tools needed by the self-
16 employed or freelance worker are considered eligible ex-
17 penses for assistance under section 408 of the Robert T.
18 Stafford Disaster Relief and Emergency Assistance Act
19 (42 U.S.C. 5174).

20 (b) REQUIREMENT.—The rules promulgated under
21 subsection (a) may not require, as a condition of receiving
22 such assistance under section 408 of the Robert T. Staf-
23 ford Disaster Relief and Emergency Assistance Act (42
24 U.S.C. 5174), an applicant—

1 (1) to apply or be declined for assistance from
2 the Small Business Administration; or

3 (2) to demonstrate that assistance received
4 from the Small Business Administration does not
5 satisfy the total necessary expenses or serious needs
6 arising out of a major disaster or emergency.

7 **TITLE II—SUPPORT FOR THE**
8 **CREATIVE ECONOMY**

9 **SEC. 201. MODIFICATION OF RULES FOR CHARITABLE CON-**
10 **TRIBUTIONS OF FRACTIONAL GIFTS.**

11 (a) INCOME TAX.—

12 (1) ADDITIONAL REQUIREMENTS FOR DEDUC-
13 TION.—Paragraph (1) of section 170(o) of the Inter-
14 nal Revenue Code of 1986 is amended to read as fol-
15 lows:

16 “(1) DENIAL OF DEDUCTION IN CERTAIN
17 CASES.—

18 “(A) IN GENERAL.—No deduction shall be
19 allowed for a contribution of an undivided por-
20 tion of a taxpayer’s entire interest in tangible
21 personal property unless—

22 “(i) all interests in the property are
23 held immediately before such contribution
24 by—

25 “(I) the taxpayer, or

1 “(II) the taxpayer and the donee,

2 “(ii) in the case of an initial fractional
3 contribution, such contribution is an undi-
4 vided portion of not less than 10 percent
5 of all interests in the property,

6 “(iii) in the case of an initial frac-
7 tional contribution, the contribution is
8 made pursuant to a written binding con-
9 tract which requires the donor—

10 “(I) to contribute not less than
11 20 percent of all interests in the prop-
12 erty on or before the date that is 11
13 years after the date of the initial frac-
14 tional contribution, and

15 “(II) to contribute all of the in-
16 terests in such property to the donee
17 (or if such donee is no longer in exist-
18 ence, to any person described in sub-
19 section (c)) on or before the earlier of
20 the date of the death of the donor or
21 the date which is 20 years after the
22 date of the initial fractional contribu-
23 tion, and

24 “(iv) if the value of the tangible per-
25 sonal property with respect to which the

1 undivided portion of the taxpayer's entire
2 interest relates is greater than \$1,000,000
3 (or such greater amount as determined by
4 the Secretary), the taxpayer attaches to
5 the return for the taxable year in which
6 such contribution is made a statement of
7 value obtained from the Internal Revenue
8 Service.

9 In the case of a donor who dies before the date
10 which is 20 years after the date of the initial
11 fractional contribution, clause (iii)(II) is satis-
12 fied with respect to such initial fractional con-
13 tribution if the donor's will specifies that all of
14 the interests in such property will be contrib-
15 uted to the donee before such date.

16 “(B) EXCEPTIONS.—The Secretary may,
17 by regulation, provide for exceptions to sub-
18 paragraph (A)(i) in cases where all persons who
19 hold an interest in the property make propor-
20 tional contributions of an undivided portion of
21 the entire interest held by such persons. Such
22 regulations may modify the requirements of
23 clauses (ii) and (iii) of subparagraph (A) to the
24 extent necessary to carry out the purposes of
25 this subparagraph.”.

1 (2) VALUATION OF SUBSEQUENT GIFTS.—Para-
2 graph (2) of section 170(o) of such Code is amended
3 to read as follows:

4 “(2) VALUATION OF SUBSEQUENT GIFTS.—In
5 the case of any additional contribution, the fair mar-
6 ket value of such contribution shall be determined by
7 using a certified appraisal from the Art Advisory
8 Panel of the Commissioner of Internal Revenue.”.

9 (3) RECAPTURE OF DEDUCTION.—Paragraph
10 (3) of section 170(o) of such Code is amended—

11 (A) by redesignating subparagraph (B) as
12 subparagraph (C), and

13 (B) by striking subparagraph (A) and in-
14 serting the following:

15 “(A) RECAPTURE.—The Secretary shall
16 provide for the recapture of the amount of any
17 deduction allowed under this section (plus inter-
18 est) with respect to any contribution of an undi-
19 vided portion of a taxpayer’s entire interest in
20 tangible personal property—

21 “(i) in any case in which the donor
22 fails to meet the requirements described in
23 paragraph (1)(A)(iii), and

24 “(ii) in any case where such property
25 is not in the physical possession of the

1 donee (other than in the case of art which
 2 is fragile or unwieldy) and used in a use
 3 which is related to a purpose or function
 4 constituting the basis for the donee organi-
 5 zation's exemption under section 501 dur-
 6 ing any applicable period for a period of
 7 time which bears substantially the same
 8 ratio to 5 years as—

9 “(I) the percentage of the undi-
 10 vided interest of the donee in the
 11 property (determined on the day after
 12 such contribution was made), bears to

13 “(II) 100 percent.

14 “(B) APPLICABLE PERIOD.—For purposes
 15 of subparagraph (A), the applicable period
 16 means—

17 “(i) the 5-year period beginning on
 18 the date of the later of the initial fractional
 19 contribution, and

20 “(ii) each subsequent 5-year period
 21 occurring during the 20-year period de-
 22 scribed in paragraph (1)(A)(iii)(II).”.

23 (b) GIFT TAX.—

24 (1) ADDITIONAL REQUIREMENTS FOR DEDUC-
 25 TION.—Paragraph (1) of section 2522(e) of the In-

1 ternal Revenue Code of 1986 is amended to read as
2 follows:

3 “(1) DENIAL OF DEDUCTION IN CERTAIN
4 CASES.—

5 “(A) IN GENERAL.—No deduction shall be
6 allowed for a contribution of an undivided por-
7 tion of a taxpayer’s entire interest in tangible
8 personal property unless—

9 “(i) all interests in the property are
10 held immediately before such contribution
11 by—

12 “(I) the taxpayer, or

13 “(II) the taxpayer and the donee,

14 “(ii) in the case of an initial fractional
15 contribution, such contribution is an undi-
16 vided portion of not less than 10 percent
17 of all interests in the property,

18 “(iii) in the case of an initial frac-
19 tional contribution, the contribution is
20 made pursuant to a written binding con-
21 tract which requires the donor—

22 “(I) to contribute not less than
23 20 percent of all interests in the prop-
24 erty on or before the date that is 11

1 years after the date of the initial frac-
2 tional contribution, and

3 “(II) to contribute all of the in-
4 terests in such property to the donee
5 (or if such donee is no longer in exist-
6 ence, to any person described in sub-
7 section (c)) on or before the earlier of
8 the date of the death of the donor or
9 the date which is 20 years after the
10 date of the initial fractional contribu-
11 tion, and

12 “(iv) if the value of the tangible per-
13 sonal property with respect to which the
14 undivided portion of the taxpayer’s entire
15 interest relates is greater than \$1,000,000
16 (or such greater amount as determined by
17 the Secretary), the taxpayer attaches to
18 the return for the taxable year in which
19 such contribution is made a statement of
20 value obtained from the Internal Revenue
21 Service.

22 In the case of a donor who dies before the date
23 which is 20 years after the date of the initial
24 fractional contribution, clause (iii)(II) is satis-
25 fied with respect to such initial fractional con-

1 tribution if the donor's will specifies that all of
2 the interests in such property will be contrib-
3 uted to the donee before such date.

4 “(B) EXCEPTIONS.—The Secretary may,
5 by regulation, provide for exceptions to sub-
6 paragraph (A)(i) in cases where all persons who
7 hold an interest in the property make propor-
8 tional contributions of an undivided portion of
9 the entire interest held by such persons. Such
10 regulations may modify the requirements of
11 clauses (ii) and (iii) of subparagraph (A) to the
12 extent necessary to carry out the purposes of
13 this subparagraph.”.

14 (2) RECAPTURE OF DEDUCTION.—Paragraph
15 (2) of section 2522(e) of such Code is amended—

16 (A) by redesignating subparagraphs (B)
17 and (C) as subparagraphs (C) and (D), respec-
18 tively, and

19 (B) by striking subparagraph (A) and in-
20 serting the following:

21 “(A) RECAPTURE.—The Secretary shall
22 provide for the recapture of the amount of any
23 deduction allowed under this section (plus inter-
24 est) with respect to any contribution of an undi-

1 vided portion of a taxpayer’s entire interest in
2 tangible personal property—

3 “(i) in any case in which the donor
4 fails to meet the requirements described in
5 paragraph (1)(A)(iii), and

6 “(ii) in any case where such property
7 is not in the physical possession of the
8 donee (other than in the case of art which
9 is fragile or unwieldy) and used in a use
10 which is related to a purpose or function
11 constituting the basis for the donee organi-
12 zation’s exemption under section 501 dur-
13 ing any applicable period for a period of
14 time which bears substantially the same
15 ratio to 5 years as—

16 “(I) the percentage of the undi-
17 vided interest of the donee in the
18 property (determined on the day after
19 such contribution was made), bears to

20 “(II) 100 percent.

21 “(B) APPLICABLE PERIOD.—For purposes
22 of subparagraph (A), the applicable period
23 means—

1 “(i) the 5-year period beginning on
2 the date of the later of the initial fractional
3 contribution, and

4 “(ii) each subsequent 5-year period
5 occurring during the 20-year period de-
6 scribed in paragraph (1)(A)(iii)(II).”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to contributions and gifts made
9 after the date of the enactment of this Act.

10 (d) TRANSITION RULE.—In the case of any addi-
11 tional contribution (as defined in section 170(o)(4) of the
12 Internal Revenue Code of 1986) with respect to an initial
13 fractional contribution (as defined in such section) made
14 after August 17, 2006, and before the date of the enact-
15 ment of this Act—

16 (1) except for purposes of determining the fair
17 market value of such contribution under section
18 170(o)(2) of the Internal Revenue Code of 1986 (as
19 amended by this Act), such contribution shall be
20 treated as an initial fractional contribution (as so
21 defined) subject to the amendments made by this
22 section, and

23 (2) sections 170(o)(3)(A)(i) and
24 2522(e)(3)(A)(i) of such Code (as in effect before
25 the date of the enactment of this Act) shall not

1 apply with respect to any prior contribution of an
2 undivided portion of the taxpayer's interest in the
3 property.

4 **SEC. 202. CAPITAL GAINS TAX RATE RELATING TO ART.**

5 (a) **EXCLUSION FROM 28-PERCENT RATE GAIN.**—
6 Subparagraph (A) of section 1(h)(5) of the Internal Rev-
7 enue Code of 1986 is amended by striking “paragraph
8 (3)” and inserting “paragraph (2)(A) or (3)”.

9 (b) **EFFECTIVE DATE.**—The amendment made by
10 this section shall apply to taxable years beginning after
11 the date of the enactment of this Act.

12 **TITLE III—CREATIVE**
13 **COMMUNITY DEVELOPMENT**

14 **SEC. 301. ARTIST CORPS.**

15 (a) **CORPS.**—Section 122(a) of the National and
16 Community Service Act of 1990 (42 U.S.C. 12572(a)) is
17 amended by adding at the end the following:

18 “(6) **ARTIST CORPS.**—

19 “(A) **IN GENERAL.**—The recipient may
20 carry out national service programs through an
21 Artist Corps that identifies and meets unmet
22 needs within communities through artistic ac-
23 tivities such as those described in subparagraph
24 (B) and improves performance on the indicators
25 described in subparagraph (C).

1 “(B) ACTIVITIES.—An Artist Corps de-
2 scribed in this paragraph may carry out activi-
3 ties such as—

4 “(i) providing skilled visual and per-
5 formance artists to address community
6 needs through artistic activities in edu-
7 cation, health care, and therapeutic set-
8 tings, and in other settings in the commu-
9 nity; or

10 “(ii) providing other artistic activities,
11 addressing unmet community needs, that
12 the Corporation may designate, such as
13 technical assistance for grant writing, mar-
14 keting, and financial planning.

15 “(C) ARTIST CORPS INDICATORS.—The in-
16 dicators for a corps program described in this
17 paragraph are—

18 “(i) any indicator relating to meeting
19 critical needs that the Corporation estab-
20 lishes; or

21 “(ii) any local indicator (applicable to
22 a particular recipient or community and on
23 which an improvement in performance is
24 needed) relating to meeting critical needs,

1 that is approved by the Corporation or a
2 State Commission.”.

3 (b) CONFORMING AMENDMENTS.—Section 122 of
4 such Act is amended—

5 (1) in subsection (b)(3), by striking “or (5)”
6 and inserting “(5), or (6)”; and

7 (2) in subsection (c)(1), in the matter preceding
8 subparagraph (A), by striking “through (5)” and in-
9 serting “through (6)”.

10 **SEC. 302. COMMUNITY DEVELOPMENT ENTITIES FOCUSED**
11 **ON THE ARTS FOR PURPOSES OF THE NEW**
12 **MARKETS TAX CREDIT.**

13 (a) IN GENERAL.—Not later than 1 year after the
14 date of the enactment of this Act, the Secretary of the
15 Treasury shall develop and promulgate guidelines for the
16 creation and operation of qualified community develop-
17 ment entities—

18 (1) which will be eligible to be certified as such
19 by the Secretary of the Treasury under section
20 45D(c)(1)(C) of the Internal Revenue Code of 1986;

21 (2) a qualified equity investment in which will,
22 subject to allocation under section 45D(f) of such
23 Code, be eligible for the credit under such section
24 45D; and

1 (3) which will focus on investment in and the
2 development and encouragement of the creative
3 economy in low-income communities.

4 (b) DEFINITIONS.—For purposes of this section, any
5 term used in subsection (a) which is also used in section
6 45D of the Internal Revenue Code of 1986 has the same
7 meaning as when used in such section.

8 **SEC. 303. DEMONSTRATION PROGRAM ON SUPPORT OF**
9 **LOCAL PROGRAMS THAT PROMOTE CRE-**
10 **ATIVE AND PERFORMANCE ARTS IN LOCAL**
11 **ECONOMIC PLANNING.**

12 (a) DEMONSTRATION PROGRAM REQUIRED.—The
13 Secretary of Commerce shall establish a demonstration
14 program to assess the feasibility and advisability of pro-
15 viding support to covered programs to promote creative
16 and performing arts in the economic planning of local gov-
17 ernments.

18 (b) COVERED PROGRAMS.—For purposes of the dem-
19 onstration program required by subsection (a), a covered
20 program is any program that—

21 (1) was in effect on the day before the date of
22 the enactment of this Act; and

23 (2) the Secretary considers part of an art com-
24 munity.

○