

# Union Calendar No. 100

118TH CONGRESS  
1ST SESSION

# H. R. 3937

[Report No. 118-128]

To amend the Internal Revenue Code of 1986 to promote the establishment and growth of small businesses.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2023

Mr. SMITH of Missouri introduced the following bill; which was referred to the Committee on Ways and Means

JUNE 30, 2023

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on June 9, 2023]

# **A BILL**

To amend the Internal Revenue Code of 1986 to promote  
the establishment and growth of small businesses.

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, ETC.**

4        (a) *SHORT TITLE.*—*This Act may be cited as the*  
 5 *“Small Business Jobs Act”.*

6        (b) *AMENDMENT OF 1986 CODE.*—*Except as otherwise*  
 7 *expressly provided, whenever in this Act an amendment or*  
 8 *repeal is expressed in terms of an amendment to, or repeal*  
 9 *of, a section or other provision, the reference shall be consid-*  
 10 *ered to be made to a section or other provision of the Inter-*  
 11 *nal Revenue Code of 1986.*

12        (c) *TABLE OF CONTENTS.*—*The table of contents for*  
 13 *this Act is as follows:*

*Sec. 1. Short title; table of contents, etc.*

*Sec. 2. Increase in threshold for requiring information reporting with respect to certain payees.*

*Sec. 3. Restoration of reporting rule for third party network transactions.*

*Sec. 4. Modifications to exclusion for gain from qualified small business stock.*

*Sec. 5. Increase in limitations on expensing of depreciable business assets.*

*Sec. 6. Establishment of special rules for capital gains invested in rural opportunity zones.*

*Sec. 7. Reporting on qualified opportunity funds and qualified rural opportunity funds.*

14 **SEC. 2. INCREASE IN THRESHOLD FOR REQUIRING INFOR-**  
 15 **MATION REPORTING WITH RESPECT TO CER-**  
 16 **TAIN PAYEES.**

17        (a) *IN GENERAL.*—*Sections 6041(a) is amended by*  
 18 *striking “\$600” and inserting “\$5,000”.*

19        (b) *INFLATION ADJUSTMENT.*—*Section 6041 is amend-*  
 20 *ed by adding at the end the following new subsection:*

1       “(h) *INFLATION ADJUSTMENT.*—*In the case of any cal-*  
2 *endar year after 2024, the dollar amount in subsection (a)*  
3 *shall be increased by an amount equal to—*

4               “(1) *such dollar amount, multiplied by*  
5               “(2) *the cost-of-living adjustment determined*  
6 *under section 1(f)(3) for such calendar year, deter-*  
7 *mined by substituting ‘calendar year 2023’ for ‘cal-*  
8 *endar year 2016’ in subparagraph (A)(i) thereof.*

9 *If any increase under the preceding sentence is not a mul-*  
10 *tiple of \$100, such increase shall be rounded to the nearest*  
11 *multiple of \$100.”.*

12       “(c) *APPLICATION TO REPORTING ON REMUNERATION*  
13 *FOR SERVICES AND DIRECT SALES.*—*Section 6041A is*  
14 *amended—*

15               “(1) *in subsection (a)(2), by striking ‘is \$600 or*  
16 *more’ and inserting ‘equals or exceeds the dollar*  
17 *amount in effect for such calendar year under section*  
18 *6041(a)’*”, and

19               “(2) *in subsection (b)(1)(B), by striking ‘is*  
20 *\$5,000 or more’ and inserting ‘equals or exceeds the*  
21 *dollar amount in effect for such calendar year under*  
22 *section 6041(a)’*”.

23       “(d) *APPLICATION TO BACKUP WITHHOLDING.*—*Sec-*  
24 *tion 3406(b)(6) is amended—*

1 (1) by striking “\$600” in subparagraph (A) and  
2 inserting “the dollar amount in effect for such cal-  
3 endar year under section 6041(a)”, and

4 (2) by striking “ONLY WHERE AGGREGATE FOR  
5 CALENDAR YEAR IS \$600 OR MORE” in the heading  
6 and inserting “ONLY IF IN EXCESS OF THRESHOLD”.

7 (e) CONFORMING AMENDMENTS.—

8 (1) The heading of section 6041(a) is amended  
9 by striking “OF \$600 OR MORE” and inserting “EX-  
10 CEEDING THRESHOLD”.

11 (2) Section 6041(a) is amended by striking “tax-  
12 able year” and inserting “calendar year”.

13 (f) EFFECTIVE DATE.—The amendments made by this  
14 section shall apply with respect to payments made after De-  
15 cember 31, 2023.

16 **SEC. 3. RESTORATION OF REPORTING RULE FOR THIRD**  
17 **PARTY NETWORK TRANSACTIONS.**

18 (a) DE MINIMIS EXCEPTION FOR THIRD PARTY SET-  
19 TLEMENT ORGANIZATIONS.—Section 6050W(e) is amended  
20 to read as follows:

21 “(e) EXCEPTION FOR DE MINIMIS PAYMENTS BY  
22 THIRD PARTY SETTLEMENT ORGANIZATIONS.—A third  
23 party settlement organization shall be required to report  
24 any information under subsection (a) with respect to third

1 party network transactions of any participating payee only  
2 if—

3 “(1) the amount which would otherwise be re-  
4 ported under subsection (a)(2) with respect to such  
5 transactions exceeds \$20,000, and

6 “(2) the aggregate number of such transactions  
7 exceeds 200.”.

8 (b) *EFFECTIVE DATE.*—The amendment made by this  
9 section shall apply to returns for calendar years beginning  
10 after December 31, 2021.

11 **SEC. 4. MODIFICATIONS TO EXCLUSION FOR GAIN FROM**  
12 **QUALIFIED SMALL BUSINESS STOCK.**

13 (a) *PHASED INCREASE IN EXCLUSION FOR GAIN FROM*  
14 *QUALIFIED SMALL BUSINESS STOCK.*—

15 (1) *IN GENERAL.*—Section 1202(a)(1) is amend-  
16 ed—

17 (A) by striking “50 percent” and inserting  
18 “the applicable percentage”, and

19 (B) by striking “held for more than 5  
20 years” and inserting “held for at least 3 years”.

21 (2) *APPLICABLE PERCENTAGE.*—Section 1202(a)  
22 is amended by adding at the end the following new  
23 paragraph:

24 “(5) *APPLICABLE PERCENTAGE.*—Except as pro-  
25 vided in paragraphs (3) and (4), the applicable per-

1           centage under paragraph (1) shall be determined  
2           under the following table:

<b>“Years stock held:</b>	<b>Applicable percentage:</b>
3 years .....	50%
4 years .....	75%
5 years or more .....	100%”.

3                   (3) *CONTINUED TREATMENT AS NOT ITEM OF*  
4           *TAX PREFERENCE.*—

5                   (A) *IN GENERAL.*—Section 57(a)(7) is  
6           amended by striking “An amount” and inserting  
7           “In the case of stock acquired on or before the  
8           date of the enactment of the Creating Small  
9           Business Jobs Act of 2010, an amount”.

10                   (B) *CONFORMING AMENDMENT.*—Section  
11           1202(a)(4) is amended—

12                   (i) by striking “, and” at the end of  
13           subparagraph (B) and inserting a period,  
14           and

15                   (ii) by striking subparagraph (C).

16                   (4) *OTHER CONFORMING AMENDMENTS.*—

17                   (A) Section 1202(a)(4) is amended by in-  
18           serting “and before the date of the enactment of  
19           the Small Business Jobs Act” after “Act of  
20           2010”.

21                   (B) Paragraphs (3) and (4) of section  
22           1202(a) are each amended by inserting “held for

1           *more than 5 years and*” after “*In the case of*  
2           *qualified small business stock*”.

3           (C) *Section 1202(a)(3)(A) of such Code is*  
4           *amended to read as follows:*

5           “*(A) the applicable percentage under para-*  
6           *graph (1) shall be 75 percent, and*”,

7           (D) *Section 1202(a)(4)(A) is amended to*  
8           *read as follows:*

9           “*(A) the applicable percentage under para-*  
10          *graph (1) shall be 100 percent, and*”.

11          (E) *Section 1202(b)(2) is amended by strik-*  
12          *ing “more than 5 years” and inserting “at least*  
13          *3 years*”.

14          (F) *Section 1202(g)(2)(A) is amended by*  
15          *striking “more than 5 years” and inserting “at*  
16          *least 3 years*”.

17          (G) *Section 1202(j)(1)(A) is amended by*  
18          *striking “more than 5 years” and inserting “at*  
19          *least 3 years*”.

20          (b) *TACKING HOLDING PERIOD OF CONVERTIBLE*  
21          *DEBT INSTRUMENTS.—*

22           (1) *IN GENERAL.—Section 1202(f) is amended—*

23           (A) *by redesignating paragraphs (1) and*  
24           (2) *as subparagraphs (A) and (B) and moving*



1           *such subparagraphs (as so redesignated) 2 ems to*  
2           *the right,*

3           *(B) by striking “CONVERSION OF OTHER*  
4           *STOCK.—If any stock” and inserting the fol-*  
5           *lowing: “CONVERSION.—*

6           *“(1) OTHER STOCK.—If any stock”, and*

7           *(C) by adding at the end the following new*  
8           *paragraph:*

9           *“(2) CONVERTIBLE DEBT INSTRUMENTS.—*

10           *“(A) IN GENERAL.—If any stock in a cor-*  
11           *poration is acquired by the taxpayer, without*  
12           *recognition of gain, solely through the conversion*  
13           *of a qualified convertible debt instrument—*

14           *“(i) the stock so acquired shall be treat-*  
15           *ed as qualified small business stock in the*  
16           *hands of the taxpayer, and*

17           *“(ii) the stock so acquired shall be*  
18           *treated as having been held during the pe-*  
19           *riod during which the qualified convertible*  
20           *debt instrument was held.*

21           *“(B) QUALIFIED CONVERTIBLE DEBT IN-*  
22           *STRUMENT.—For purposes of this paragraph, the*  
23           *term ‘qualified convertible debt instrument’*  
24           *means any bond or other evidence of indebted-*  
25           *ness—*

1                   “(i) which is originally issued by the  
2                   corporation to the taxpayer,

3                   “(ii) the issuer of which—

4                   “(I) from issuance until conver-  
5                   sion, is a qualified small business, and

6                   “(II) during substantially all of  
7                   the taxpayer’s holding period of such  
8                   bond or evidence of indebtedness, the  
9                   corporation meets the active business  
10                  requirements of subsection (e), and

11                  “(iii) which is convertible into stock in  
12                  the corporation.”.

13                  (c) *GAIN EXCLUSION ALLOWED WITH RESPECT TO*  
14 *QUALIFIED SMALL BUSINESS STOCK IN CORPORATION.*—

15                  (1) *IN GENERAL.*—Section 1202(c) is amended—

16                         (A) by striking “C corporation” in para-  
17                         graph (1) and inserting “corporation”, and

18                         (B) by striking “and such corporation is a  
19                         C corporation” in paragraph (2)(A).

20                  (2) *QUALIFIED SMALL BUSINESS DEFINITION.*—

21                         Section 1202(d)(1) is amended by striking “which is  
22                         a C corporation”.

23                  (3) *CLARIFICATION OF AGGREGATION RULES AP-*  
24 *PLICABLE TO S CORPORATIONS.*—Section 1202(d)(3)

1 *is amended by adding at the end the following new*  
2 *subparagraph:*

3 *“(C) CLARIFICATION WITH RESPECT TO S*  
4 *CORPORATIONS.—Any determination of the mem-*  
5 *bers of a controlled group of corporations under*  
6 *this paragraph shall include taking into account*  
7 *any stock ownership in an S corporation.”.*

8 *(4) TREATMENT OF PASSIVE LOSSES.—Section*  
9 *469(g)(1) is amended by adding at the end the fol-*  
10 *lowing new subparagraph:*

11 *“(D) CERTAIN DISPOSITIONS OF SMALL*  
12 *BUSINESS STOCK.—In the case a disposition any*  
13 *gain from which is excluded from gross income*  
14 *under section 1202, subparagraph (A) shall not*  
15 *apply.”.*

16 *(5) SPECIAL RULES RELATING TO S CORPORA-*  
17 *TIONS.—Section 1202(e) is amended by adding at the*  
18 *end the following new paragraph:*

19 *“(9) APPLIED AT S CORPORATION LEVEL.—In*  
20 *the case of an S corporation, the requirements of this*  
21 *subsection shall be applied at the corporate level.”.*

22 *(d) EFFECTIVE DATES.—*

23 *(1) IN GENERAL.—Except as otherwise provided*  
24 *in this subsection, the amendments made by this sec-*

1        *tion shall apply to stock acquired after the date of the*  
2        *enactment of this Act.*

3                (2) *CONTINUED TREATMENT AS NOT ITEM OF*  
4        *TAX PREFERENCE.—The amendments made by sub-*  
5        *section (a)(3) shall take effect as if included in the en-*  
6        *actment of section 2011 the Creating Small Business*  
7        *Jobs Act of 2010.*

8                (3) *TACKING HOLDING PERIOD OF CONVERTIBLE*  
9        *DEBT INSTRUMENTS.—The amendments made by sub-*  
10        *section (b) shall apply to debt instruments originally*  
11        *issued after the date of the enactment of this Act.*

12        **SEC. 5. INCREASE IN LIMITATIONS ON EXPENSING OF DE-**  
13                **PRECIABLE BUSINESS ASSETS.**

14        (a) *IN GENERAL.—Section 179(b) is amended—*

15                (1) *by striking “\$1,000,000” in paragraph (1)*  
16        *and inserting “\$2,500,000”, and*

17                (2) *by striking “\$2,500,000” in paragraph (2)*  
18        *and inserting “\$4,000,000”.*

19        (b) *INFLATION ADJUSTMENT.—Section 179(b)(6) is*  
20        *amended—*

21                (1) *by striking “2018” and inserting “2024*  
22        *(2018 in the case of the dollar amount in paragraph*  
23        *(5)(A))”, and*

24                (2) *by striking “calendar year 2017” and in-*  
25        *serting “calendar year 2024” (“calendar year 2017”*

1       *in the case of the dollar amount in paragraph*  
2       *(5)(A))”.*

3       (c) *EFFECTIVE DATE.*—*The amendments made by this*  
4       *section shall apply to property placed in service in taxable*  
5       *years beginning after December 31, 2023.*

6       **SEC. 6. ESTABLISHMENT OF SPECIAL RULES FOR CAPITAL**  
7                   **GAINS INVESTED IN RURAL OPPORTUNITY**  
8                   **ZONES.**

9       (a) *IN GENERAL.*—*Subchapter Z of chapter 1 is*  
10       *amended by adding at the end the following new section:*

11       **“SEC. 1400Z-3. SPECIAL RULES FOR CAPITAL GAINS IN-**  
12                   **VESTED IN RURAL OPPORTUNITY ZONES.**

13       “(a) *IN GENERAL.*—

14               “(1) *TREATMENT OF GAINS.*—*In the case of cap-*  
15       *ital gain from the sale to, or exchange with, an unre-*  
16       *lated person of any property held by the taxpayer, at*  
17       *the election of the taxpayer—*

18                   “(A) *gross income for the taxable year shall*  
19       *not include so much of such gain as does not ex-*  
20       *ceed the aggregate amount invested by the tax-*  
21       *payer in a qualified rural opportunity fund dur-*  
22       *ing the 180-day period beginning on the date of*  
23       *such sale or exchange,*

1           “(B) the amount of gain excluded by sub-  
2           paragraph (A) shall be included in gross income  
3           as provided by subsection (b), and

4           “(C) subsection (c) shall apply.

5           “(2) ELECTION.—No election may be made  
6           under paragraph (1)—

7           “(A) with respect to a sale or exchange if an  
8           election previously made with respect to such  
9           sale or exchange is in effect, or

10           “(B) with respect to any sale or exchange  
11           after December 31, 2032.

12           “(b) DEFERRAL OF GAIN INVESTED IN QUALIFIED  
13           RURAL OPPORTUNITY ZONE PROPERTY.—

14           “(1) YEAR OF INCLUSION.—Gain to which sub-  
15           section (a)(1)(B) applies shall be included in income  
16           in the taxable year which includes the earlier of—

17           “(A) the date on which such investment is  
18           sold or exchanged, or

19           “(B) December 31, 2032.

20           “(2) AMOUNT INCLUDIBLE.—

21           “(A) IN GENERAL.—The amount of gain in-  
22           cluded in gross income under subsection  
23           (a)(1)(A) shall be the excess of—

24           “(i) the lesser of the amount of gain ex-  
25           cluded under paragraph (1) or the fair

1 market value of the investment as deter-  
2 mined as of the date described in paragraph  
3 (1), over

4 “(ii) the taxpayer’s basis in the invest-  
5 ment.

6 “(B) DETERMINATION OF BASIS QUALIFIED  
7 RURAL OPPORTUNITY ZONE PROPERTY.—

8 “(i) IN GENERAL.—Except as otherwise  
9 provided in this clause or subsection (c), the  
10 taxpayer’s basis in the investment shall be  
11 zero.

12 “(ii) INCREASE FOR GAIN RECOGNIZED  
13 UNDER SUBSECTION (A)(1)(B).—The basis in  
14 the investment shall be increased by the  
15 amount of gain recognized by reason of sub-  
16 section (a)(1)(B) with respect to such prop-  
17 erty.

18 “(iii) INVESTMENTS HELD FOR 5  
19 YEARS.—In the case of any investment held  
20 for at least 5 years, the basis of such invest-  
21 ment shall be increased by an amount equal  
22 to 10 percent of the amount of gain deferred  
23 by reason of subsection (a)(1)(A).

24 “(iv) INVESTMENTS HELD FOR 7  
25 YEARS.—In the case of any investment held

1           by the taxpayer for at least 7 years, in ad-  
2           dition to any adjustment made under clause  
3           (iii), the basis of such property shall be in-  
4           creased by an amount equal to 5 percent of  
5           the amount of gain deferred by reason of  
6           subsection (a)(1)(A).

7           “(c) *SPECIAL RULE FOR INVESTMENTS HELD FOR AT*  
8 *LEAST 10 YEARS.*—In the case of any investment held by  
9 the taxpayer for at least 10 years and with respect to which  
10 the taxpayer makes an election under this subsection, the  
11 basis of such property shall be equal to the fair market value  
12 of such investment on the date that the investment is sold  
13 or exchanged.

14           “(d) *QUALIFIED RURAL OPPORTUNITY FUND.*—For  
15 purposes of this section—

16           “(1) *IN GENERAL.*—The term ‘qualified rural op-  
17 portunity fund’ means any investment vehicle which  
18 is organized as a corporation or a partnership for the  
19 purpose of investing in qualified rural opportunity  
20 zone property (other than another qualified rural op-  
21 portunity fund) that holds at least 90 percent of its  
22 assets in qualified rural opportunity zone property,  
23 determined by the average of the percentage of quali-  
24 fied rural opportunity zone property held in the fund  
25 as measured—



1           “(A) on the last day of the first 6-month pe-  
2           riod of the taxable year of the fund, and

3           “(B) on the last day of the taxable year of  
4           the fund.

5           “(2) *QUALIFIED RURAL OPPORTUNITY ZONE*  
6           *PROPERTY.—*

7           “(A) *IN GENERAL.—*The term ‘qualified  
8           rural opportunity zone property’ means property  
9           which is—

10           “(i) qualified rural opportunity zone  
11           stock,

12           “(ii) qualified rural opportunity zone  
13           partnership interest, or

14           “(iii) qualified rural opportunity zone  
15           business property.

16           “(B) *QUALIFIED RURAL OPPORTUNITY ZONE*  
17           *STOCK.—*

18           “(i) *IN GENERAL.—*Except as provided  
19           in clause (ii), the term ‘qualified rural op-  
20           portunity zone stock’ means any stock in a  
21           domestic corporation if—

22           “(I) such stock is acquired by the  
23           qualified rural opportunity fund after  
24           December 31, 2023, at its original  
25           issue (directly or through an under-

1                    *writer) from the corporation solely in*  
2                    *exchange for cash,*

3                    *“(II) as of the time such stock was*  
4                    *issued, such corporation was a quali-*  
5                    *fied rural opportunity zone business*  
6                    *(or, in the case of a new corporation,*  
7                    *such corporation was being organized*  
8                    *for purposes of being a qualified rural*  
9                    *opportunity zone business), and*

10                    *“(III) during substantially all of*  
11                    *the qualified rural opportunity fund’s*  
12                    *holding period for such stock, such cor-*  
13                    *poration qualified as a qualified rural*  
14                    *opportunity zone business.*

15                    *“(ii) REDEMPTIONS.—A rule similar*  
16                    *to the rule of section 1202(c)(3) shall apply*  
17                    *for purposes of this paragraph.*

18                    *“(C) QUALIFIED RURAL OPPORTUNITY ZONE*  
19                    *PARTNERSHIP INTEREST.—The term ‘qualified*  
20                    *rural opportunity zone partnership interest’*  
21                    *means any capital or profits interest in a domes-*  
22                    *tic partnership if—*

23                    *“(i) such interest is acquired by the*  
24                    *qualified rural opportunity fund after De-*

1            *ember 31, 2023, from the partnership sole-*  
2            *ly in exchange for cash,*

3            *“(ii) as of the time such interest was*  
4            *acquired, such partnership was a qualified*  
5            *rural opportunity zone business (or, in the*  
6            *case of a new partnership, such partnership*  
7            *was being organized for purposes of being a*  
8            *qualified rural opportunity zone business),*  
9            *and*

10            *“(iii) during substantially all of the*  
11            *qualified rural opportunity fund’s holding*  
12            *period for such interest, such partnership*  
13            *qualified as a qualified rural opportunity*  
14            *zone business.*

15            *“(D) QUALIFIED RURAL OPPORTUNITY*  
16            *ZONE BUSINESS PROPERTY.—*

17            *“(i) IN GENERAL.—The term ‘qualified*  
18            *rural opportunity zone business property’*  
19            *means tangible property used in a trade or*  
20            *business of the qualified rural opportunity*  
21            *fund if—*

22            *“(I) such property was acquired*  
23            *by the qualified rural opportunity*  
24            *fund by purchase (as defined in section*  
25            *179(d)(2)) after December 31, 2023,*

1           “(II) *the original use of such*  
2           *property in the qualified rural oppor-*  
3           *tunity zone commences with the quali-*  
4           *fied rural opportunity fund or the*  
5           *qualified rural opportunity fund sub-*  
6           *stantially improves the property, and*

7           “(III) *during substantially all of*  
8           *the qualified rural opportunity fund’s*  
9           *holding period for such property, sub-*  
10          *stantially all of the use of such prop-*  
11          *erty was in a qualified rural oppor-*  
12          *tunity zone.*

13          “(ii) *SUBSTANTIAL IMPROVEMENT.—*  
14          *For purposes of subparagraph (A)(ii), prop-*  
15          *erty shall be treated as substantially im-*  
16          *proved by the qualified rural opportunity*  
17          *fund only if, during any 30-month period*  
18          *beginning after the date of acquisition of*  
19          *such property, additions to basis with re-*  
20          *spect to such property in the hands of the*  
21          *qualified rural opportunity fund exceed an*  
22          *amount equal to the adjusted basis of such*  
23          *property at the beginning of such 30-month*  
24          *period in the hands of the qualified rural*  
25          *opportunity fund.*

1           “(iii) *RELATED PARTY*.—For purposes  
2           of subparagraph (A)(i), the related person  
3           rule of section 179(d)(2) shall be applied  
4           pursuant to subsection (e)(2) in lieu of the  
5           application of such rule in section  
6           179(d)(2)(A).

7           “(3) *QUALIFIED RURAL OPPORTUNITY ZONE*  
8           *BUSINESS*.—

9           “(A) *IN GENERAL*.—The term ‘qualified  
10           rural opportunity zone business’ means a trade  
11           or business—

12           “(i) in which substantially all of the  
13           tangible property owned or leased by the  
14           taxpayer is qualified rural opportunity  
15           zone business property (determined by sub-  
16           stituting ‘qualified rural opportunity zone  
17           business’ for ‘qualified rural opportunity  
18           fund’ each place it appears in paragraph  
19           (2)(D)),

20           “(ii) which satisfies the requirements of  
21           paragraphs (2), (4), and (8) of section  
22           1397C(b), and

23           “(iii) which is not described in section  
24           144(c)(6)(B).

1           “(B) *SPECIAL RULE.*—For purposes of sub-  
2           paragraph (A), tangible property that ceases to  
3           be a qualified rural opportunity zone business  
4           property shall continue to be treated as a quali-  
5           fied rural opportunity zone business property for  
6           the lesser of—

7                   “(i) 5 years after the date on which  
8                   such tangible property ceases to be so quali-  
9                   fied, or

10                   “(ii) the date on which such tangible  
11                   property is no longer held by the qualified  
12                   rural opportunity zone business.

13           “(4) *QUALIFIED RURAL OPPORTUNITY ZONE.*—

14                   “(A) *IN GENERAL.*—The term ‘qualified  
15                   rural opportunity zone’ means any population  
16                   census tract which—

17                           “(i) is located in a rural county, and

18                           “(ii) is in persistent poverty (as deter-  
19                           mined by the Bureau of the Census using  
20                           the same methodology and data as used for  
21                           purposes of the May 2023 report of such  
22                           Bureau entitled ‘Persistent Poverty in  
23                           Counties and Census Tracts’).

24                   “(B) *RURAL COUNTY.*—The term ‘rural  
25                   county’ means any county if more than 50 per-

1           *cent of the census blocks which comprise such*  
2           *county are rural blocks (as determined by the*  
3           *Bureau of the Census as of the date of the enact-*  
4           *ment of this Act). A rule similar to section*  
5           *143(k)(2)(D) shall apply for purposes of the pre-*  
6           *ceding sentence.*

7           “(e) *APPLICABLE RULES.—*

8                 “(1) *TREATMENT OF INVESTMENTS WITH MIXED*  
9           *FUNDS.—In the case of any investment in a qualified*  
10           *rural opportunity fund only a portion of which con-*  
11           *sists of investments of gain to which an election under*  
12           *subsection (a) is in effect—*

13                     “(A) *such investment shall be treated as 2*  
14           *separate investments, consisting of—*

15                             “(i) *one investment that only includes*  
16                             *amounts to which the election under sub-*  
17                             *section (a) applies, and*

18                             “(ii) *a separate investment consisting*  
19                             *of other amounts, and*

20                     “(B) *subsections (a), (b), and (c) shall only*  
21           *apply to the investment described in subpara-*  
22           *graph (A)(i).*

23                 “(2) *RELATED PERSONS.—For purposes of this*  
24           *section, persons are related to each other if such per-*  
25           *sons are described in section 267(b) or 707(b)(1), de-*

1 *terminated by substituting ‘20 percent’ for ‘50 percent’*  
2 *each place it occurs in such sections.*

3 “(3) *DECEDENTS.*—*In the case of a decedent,*  
4 *amounts recognized under this section shall, if not*  
5 *properly includible in the gross income of the dece-*  
6 *dent, be includible in gross income as provided by sec-*  
7 *tion 691.*

8 “(4) *REGULATIONS.*—*The Secretary shall pre-*  
9 *scribe such regulations as may be necessary or appro-*  
10 *priate to carry out the purposes of this section, in-*  
11 *cluding—*

12 “(A) *rules for the certification of qualified*  
13 *rural opportunity funds for the purposes of this*  
14 *section,*

15 “(B) *rules to ensure a qualified rural op-*  
16 *portunity fund has a reasonable period of time*  
17 *to reinvest the return of capital from investments*  
18 *in qualified rural opportunity zone stock and*  
19 *qualified rural opportunity zone partnership in-*  
20 *terests, and to reinvest proceeds received from the*  
21 *sale or disposition of qualified rural opportunity*  
22 *zone property, and*

23 “(C) *rules to prevent abuse.*

24 “(f) *FAILURE OF QUALIFIED RURAL OPPORTUNITY*  
25 *FUND TO MAINTAIN INVESTMENT STANDARD.*—



1           “(1) *IN GENERAL.*—If a qualified rural oppor-  
2           tunity fund fails to meet the 90-percent requirement  
3           of subsection (d)(1), the qualified rural opportunity  
4           fund shall pay a penalty for each month it fails to  
5           meet the requirement in an amount equal to the prod-  
6           uct of—

7                   “(A) the excess of—

8                           “(i) the amount equal to 90 percent of  
9                           its aggregate assets, over

10                           “(ii) the aggregate amount of qualified  
11                           rural opportunity zone property held by the  
12                           fund, multiplied by

13                   “(B) the underpayment rate established  
14                   under section 6621(a)(2) for such month.

15           “(2) *SPECIAL RULE FOR PARTNERSHIPS.*—In the  
16           case that the qualified rural opportunity fund is a  
17           partnership, the penalty imposed by paragraph (1)  
18           shall be taken into account proportionately as part of  
19           the distributive share of each partner of the partner-  
20           ship.

21           “(3) *REASONABLE CAUSE EXCEPTION.*—No pen-  
22           alty shall be imposed under this subsection with re-  
23           spect to any failure if it is shown that such failure  
24           is due to reasonable cause.”.

1           (b) *CLERICAL AMENDMENT.*—*The table of sections for*  
 2 *subchapter Z of chapter 1 is amended by adding at the end*  
 3 *the following new item:*

*“Sec. 1400Z–3. Special rules for capital gains invested in rural opportunity zones.”.*

4           (c) *EFFECTIVE DATE.*—*The amendments made by this*  
 5 *section shall apply to amounts invested after the date of*  
 6 *the enactment of this section.*

7 **SEC. 7. REPORTING ON QUALIFIED OPPORTUNITY FUNDS**  
 8                           **AND QUALIFIED RURAL OPPORTUNITY**  
 9                           **FUNDS.**

10           (a) *IN GENERAL.*—

11                   (1) *FILING REQUIREMENTS FOR FUNDS AND IN-*  
 12 *VESTORS.*—*Subpart A of part III of subchapter A of*  
 13 *chapter 61 is amended by inserting after section*  
 14 *6039J the following new sections:*

15 **“SEC. 6039K. RETURNS WITH RESPECT TO QUALIFIED OP-**  
 16                           **PORTUNITY FUNDS AND QUALIFIED RURAL**  
 17                           **OPPORTUNITY FUNDS.**

18           “(a) *IN GENERAL.*—*Every qualified opportunity fund*  
 19 *shall file an annual return (at such time and in such man-*  
 20 *ner as the Secretary may prescribe) containing the informa-*  
 21 *tion described in subsection (b).*

22           “(b) *INFORMATION FROM QUALIFIED OPPORTUNITY*  
 23 *FUNDS.*—*The information described in this subsection is—*

1           “(1) the name, address, and taxpayer identifica-  
2           tion number of the qualified opportunity fund,

3           “(2) whether the qualified opportunity fund is  
4           organized as a corporation or a partnership,

5           “(3) the value of the total assets held by the  
6           qualified opportunity fund as of each date described  
7           in section 1400Z-2(d)(1),

8           “(4) the value of all qualified opportunity zone  
9           property held by the qualified opportunity fund on  
10          each such date,

11          “(5) with respect to each investment held by the  
12          qualified opportunity fund in qualified opportunity  
13          zone stock or a qualified opportunity zone partner-  
14          ship interest—

15                 “(A) the name, address, and taxpayer iden-  
16                 tification number of the corporation in which  
17                 such stock is held or the partnership in which  
18                 such interest is held, as the case may be,

19                 “(B) each North American Industry Classi-  
20                 fication System (NAICS) code that applies to the  
21                 trades or businesses conducted by such corpora-  
22                 tion or partnership,

23                 “(C) the population census tracts in which  
24                 the qualified opportunity zone business property  
25                 of such corporation or partnership is located,

1           “(D) the amount of the investment in such  
2 stock or partnership interest as of each date de-  
3 scribed in section 1400Z-2(d)(1),

4           “(E) the value of tangible property held by  
5 such corporation or partnership on each such  
6 date which is owned by such corporation or  
7 partnership,

8           “(F) the value of tangible property held by  
9 such corporation or partnership on each such  
10 date which is leased by such corporation or part-  
11 nership,

12           “(G) the approximate number of residential  
13 units (if any) for any real property held by such  
14 corporation or partnership, and

15           “(H) the approximate average monthly  
16 number of full-time equivalent employees of such  
17 corporation or partnership for the year (within  
18 numerical ranges identified by the Secretary) or  
19 such other indication of the employment impact  
20 of such corporation or partnership as determined  
21 appropriate by the Secretary,

22           “(6) with respect to the items of qualified oppor-  
23 tunity zone business property held by the qualified  
24 opportunity fund—

1           “(A) *the North American Industry Classi-*  
2           *fication System (NAICS) code that applies to the*  
3           *trades or businesses in which such property is*  
4           *held,*

5           “(B) *the population census tract in which*  
6           *the property is located,*

7           “(C) *whether the property is owned or*  
8           *leased,*

9           “(D) *the aggregate value of the items of*  
10          *qualified opportunity zone property held by the*  
11          *qualified opportunity fund as of each date de-*  
12          *scribed in section 1400Z–2(d)(1), and*

13          “(E) *in the case of real property, number of*  
14          *residential units (if any),*

15          “(7) *the approximate average monthly number of*  
16          *full-time equivalent employees for the year of the*  
17          *trades or businesses of the qualified opportunity fund*  
18          *in which qualified opportunity zone business property*  
19          *is held (within numerical ranges identified by the*  
20          *Secretary) or such other indication of the employment*  
21          *impact of such trades or businesses as determined ap-*  
22          *propriate by the Secretary,*

23          “(8) *with respect to each person who disposed of*  
24          *an investment in the qualified opportunity fund dur-*  
25          *ing the year—*

1           “(A) *the name and taxpayer identification*  
2           *number of such person,*

3           “(B) *the date or dates on which the invest-*  
4           *ment disposed was acquired, and*

5           “(C) *the date or dates on which any such*  
6           *investment was disposed and the amount of the*  
7           *investment disposed, and*

8           “(9) *such other information as the Secretary*  
9           *may require.*

10          “(c) *STATEMENT REQUIRED TO BE FURNISHED TO IN-*  
11 *VESTORS.—Every person required to make a return under*  
12 *subsection (a) shall furnish to each person whose name is*  
13 *required to be set forth in such return by reason of sub-*  
14 *section (b)(8) a written statement showing—*

15           “(1) *the name, address and phone number of the*  
16           *information contact of the person required to make*  
17           *such return, and*

18           “(2) *the information required to be shown on*  
19           *such return by reason of subsection (b)(8) with respect*  
20           *to the person whose name is required to be so set*  
21           *forth.*

22          “(d) *DEFINITIONS.—For purposes of this section—*

23           “(1) *IN GENERAL.—Any term used in this sec-*  
24           *tion which is also used in subchapter Z of chapter 1*

1       *shall have the meaning given such term under such*  
2       *subchapter.*

3               “(2) *FULL-TIME EQUIVALENT EMPLOYEES.*—*The*  
4       *term ‘full-time equivalent employees’ means, with re-*  
5       *spect to any month, the sum of—*

6                       “(A) *the number of full-time employees (as*  
7                       *defined in section 4980H(c)(4)) for the month,*  
8                       *plus*

9                       “(B) *the number of employees determined*  
10                      *(under rules similar to the rules of section*  
11                      *4980H(c)(2)(E)) by dividing the aggregate num-*  
12                      *ber of hours of service of employees who are not*  
13                      *full-time employees for the month by 120.*

14               “(e) *APPLICATION TO QUALIFIED RURAL OPPOR-*  
15       *TUNITY FUNDS.*—*Every qualified rural opportunity fund*  
16       *shall file the annual return required under subsection (a),*  
17       *and the statements required under subsection (c), applied—*

18                       “(1) *by substituting ‘qualified rural opportunity’*  
19                      *for ‘qualified opportunity’ each place it appears, and*

20                       “(2) *by substituting ‘section 1400Z–3(d)(1)’ for*  
21                      *‘section 1400Z–2(d)(1)’ each place it appears.*

1 **“SEC. 6039L. INFORMATION REQUIRED FROM QUALIFIED**  
2 **OPPORTUNITY ZONE BUSINESSES AND**  
3 **QUALIFIED RURAL OPPORTUNITY ZONE BUSI-**  
4 **NESSES.**

5       “(a) *IN GENERAL.*—Every applicable qualified oppor-  
6 tunity zone business shall furnish to the qualified oppor-  
7 tunity fund described in subsection (b) a written statement  
8 in such manner and setting forth such information as the  
9 Secretary may by regulations prescribe for purposes of ena-  
10 bling such qualified opportunity fund to meet the require-  
11 ments of section 6039K(b)(5).

12       “(b) *APPLICABLE QUALIFIED OPPORTUNITY ZONE*  
13 *BUSINESS.*—For purposes of subsection (a), the term ‘appli-  
14 cable qualified opportunity zone business’ means any quali-  
15 fied opportunity zone business—

16               “(1) which is a trade or business of a qualified  
17 opportunity fund,

18               “(2) in which a qualified opportunity fund holds  
19 qualified opportunity zone stock, or

20               “(3) in which a qualified opportunity fund holds  
21 a qualified opportunity zone partnership interest.

22       “(c) *OTHER TERMS.*—Any term used in this section  
23 which is also used in subchapter Z of chapter 1 shall have  
24 the meaning given such term under such subchapter.

25       “(d) *APPLICATION TO QUALIFIED RURAL OPPOR-*  
26 *TUNITY FUNDS.*—Every qualified rural opportunity zone



1 *business (as defined in subsection (b) determined after ap-*  
 2 *plication of the substitutions described in this sentence)*  
 3 *shall furnish the written statement required under sub-*  
 4 *section (a), applied by substituting ‘qualified rural oppor-*  
 5 *tunity’ for ‘qualified opportunity’ each place it appears.”.*

6 (2) *PENALTIES.—*

7 (A) *IN GENERAL.—Part II of subchapter B*  
 8 *of chapter 68 is amended by inserting after sec-*  
 9 *tion 6725 the following new section:*

10 **“SEC. 6726. FAILURE TO COMPLY WITH INFORMATION RE-**  
 11 **PORTING REQUIREMENTS RELATING TO**  
 12 **QUALIFIED OPPORTUNITY FUNDS AND**  
 13 **QUALIFIED RURAL OPPORTUNITY FUNDS.**

14 *“(a) IN GENERAL.—In the case of any person required*  
 15 *to file a return under section 6039K fails to file a complete*  
 16 *and correct return under such section in the time and in*  
 17 *the manner prescribed therefor, such person shall pay a*  
 18 *penalty of \$500 for each day during which such failure con-*  
 19 *tinues.*

20 *“(b) LIMITATION.—*

21 *“(1) IN GENERAL.—The maximum penalty*  
 22 *under this section on failures with respect to any 1*  
 23 *return shall not exceed \$10,000.*

24 *“(2) LARGE QUALIFIED OPPORTUNITY FUNDS.—*

25 *In the case of any failure described in subsection (a)*

1 *with respect to a fund the gross assets of which (deter-*  
2 *mined on the last day of the taxable year) are in ex-*  
3 *cess of \$10,000,000, paragraph (1) shall be applied by*  
4 *substituting ‘\$50,000’ for ‘\$10,000’.*

5 *“(c) PENALTY IN CASES OF INTENTIONAL DIS-*  
6 *REGARD.—If a failure described in subsection (a) is due*  
7 *to intentional disregard, then—*

8 *“(1) subsection (a) shall be applied by sub-*  
9 *stituting ‘\$2,500’ for ‘\$500’,*

10 *“(2) subsection (b)(1) shall be applied by sub-*  
11 *stituting ‘\$50,000’ for ‘\$10,000’, and*

12 *“(3) subsection (b)(2) shall be applied by sub-*  
13 *stituting ‘\$250,000’ for ‘\$50,000’.*

14 *“(d) INFLATION ADJUSTMENT.—*

15 *“(1) IN GENERAL.—In the case of any failure re-*  
16 *lating to a return required to be filed in a calendar*  
17 *year beginning after 2023, each of the dollar amounts*  
18 *in subsections (a), (b), and (c) shall be increased by*  
19 *an amount equal to such dollar amount multiplied by*  
20 *the cost-of-living adjustment determined under section*  
21 *1(f)(3) for the calendar year determined by sub-*  
22 *stituting ‘calendar year 2022’ for ‘calendar year*  
23 *2016’ in subparagraph (A)(i) thereof.*

24 *“(2) ROUNDING.—*

1           “(A) *IN GENERAL.*—If the \$500 dollar  
2           amount in subsection (a) and (c)(1) or the  
3           \$2,500 amount in subsection (c)(1), after being  
4           increased under paragraph (1), is not a multiple  
5           of \$10, such dollar amount shall be rounded to  
6           the next lowest multiple of \$10.

7           “(B) *ASSET THRESHOLD.*—If the  
8           \$10,000,000 dollar amount in subsection (b)(2),  
9           after being increased under paragraph (1), is not  
10          a multiple of \$10,000, such dollar amount shall  
11          be rounded to the next lowest multiple of  
12          \$10,000.

13          “(C) *OTHER DOLLAR AMOUNTS.*—If any  
14          dollar amount in subsection (b) or (c) (other  
15          than any amount to which subparagraph (A) or  
16          (B) applies), after being increased under para-  
17          graph (1), is not a multiple of \$1,000, such dol-  
18          lar amount shall be rounded to the next lowest  
19          multiple of \$1,000.”.

20          (B) *INFORMATION REQUIRED TO BE SENT*  
21          *TO OTHER TAXPAYERS.*—Section 6724(d)(2) is  
22          amended—

23                  (i) by striking “or” at the end of sub-  
24                  paragraph (II),

1           (ii) by striking the period at the end of  
2           the first subparagraph (JJ) (relating to sec-  
3           tion 6226) and inserting a comma,

4           (iii) by redesignating the second sub-  
5           paragraph (JJ) (relating to section 6050Y)  
6           as subparagraph (KK),

7           (iv) by striking the period at the end  
8           of subparagraph (KK) (as redesignated by  
9           clause (iii)) and inserting a comma, and

10          (v) by inserting after subparagraph  
11          (KK) (as so redesignated) the following new  
12          subparagraphs:

13          “(LL) section 6039K(c) (relating to dispo-  
14          sition of qualified opportunity fund investments),  
15          or

16          “(MM) section 6039L (relating to informa-  
17          tion required from certain qualified opportunity  
18          zone businesses and qualified rural opportunity  
19          zone businesses).”.

20          (3) *ELECTRONIC FILING*.—Section 6011(e) is  
21          amended by adding at the end the following new  
22          paragraph:

23          “(8) *QUALIFIED OPPORTUNITY FUNDS AND*  
24          *QUALIFIED RURAL OPPORTUNITY FUNDS*.—Notwith-  
25          standing paragraphs (1) and (2), any return filed by

1        *a qualified opportunity fund or qualified rural op-*  
 2        *portunity fund shall be filed on magnetic media or*  
 3        *other machine-readable form.”.*

4                (4) *CLERICAL AMENDMENTS.—*

5                        (A) *The table of sections for subpart A of*  
 6                        *part III of subchapter A of chapter 61 is amend-*  
 7                        *ed by inserting after the item relating to section*  
 8                        *6039J the following new items:*

*“Sec. 6039K. Returns with respect to qualified opportunity funds and qualified rural opportunity funds.*

*“Sec. 6039L. Information required from certain qualified opportunity zone businesses and qualified rural opportunity zone businesses.”.*

9                        (B) *The table of sections for part II of sub-*  
 10                        *chapter B of chapter 68 is amended by inserting*  
 11                        *after the item relating to section 6725 the fol-*  
 12                        *lowing new item:*

*“Sec. 6726. Failure to comply with information reporting requirements relating to qualified opportunity funds and qualified rural opportunity funds.”.*

13                        (5) *EFFECTIVE DATE.—The amendments made*  
 14                        *by this subsection shall apply to taxable years begin-*  
 15                        *ning after the date of the enactment of this Act.*

16                        (b) *REPORTING OF DATA ON OPPORTUNITY ZONE AND*  
 17        *RURAL OPPORTUNITY ZONE TAX INCENTIVES.—*

18                        (1) *IN GENERAL.—As soon as practical after the*  
 19                        *date of the enactment of this Act, and annually there-*  
 20                        *after, the Secretary of the Treasury, or the Secretary’s*  
 21                        *delegate (referred to in this section as the “Sec-*

1        *retary”), in consultation with the Director of the Bu-*  
2        *reau of the Census and such other agencies as the Sec-*  
3        *retary determines appropriate, shall make publicly*  
4        *available a report on qualified opportunity funds.*

5            (2) *INFORMATION INCLUDED.—The report re-*  
6        *quired under paragraph (1) shall include, to the ex-*  
7        *tent available, the following information:*

8            (A) *The number of qualified opportunity*  
9        *funds.*

10          (B) *The aggregate dollar amount of assets*  
11        *held in qualified opportunity funds.*

12          (C) *The aggregate dollar amount of invest-*  
13        *ments made by qualified opportunity funds in*  
14        *qualified opportunity fund property, stated sepa-*  
15        *rately for each North American Industry Classi-*  
16        *fication System (NAICS) code.*

17          (D) *The percentage of population census*  
18        *tracts designated as qualified opportunity zones*  
19        *that have received qualified opportunity fund in-*  
20        *vestments.*

21          (E) *For each population census tract des-*  
22        *ignated as a qualified opportunity zone, the ap-*  
23        *proximate average monthly number of full-time*  
24        *equivalent employees of the qualified opportunity*  
25        *zone businesses in such qualified opportunity*

1           zone for the preceding 12-month period (within  
2           numerical ranges identified by the Secretary) or  
3           such other indication of the employment impact  
4           of such qualified opportunity fund businesses as  
5           determined appropriate by the Secretary.

6           (F) The percentage of the total amount of  
7           investments made by qualified opportunity funds  
8           in—

9                   (i) qualified opportunity zone property  
10                   which is real property; and

11                   (ii) other qualified opportunity zone  
12                   property.

13           (G) For each population census tract, the  
14           aggregate approximate number of residential  
15           units resulting from investments made by quali-  
16           fied opportunity funds in real property.

17           (H) The aggregate dollar amount of invest-  
18           ments made by qualified opportunity funds in  
19           each population census tract.

20           (3) *ADDITIONAL INFORMATION.*—

21                   (A) *IN GENERAL.*—Beginning with the re-  
22                   port submitted under paragraph (1) for the 6th  
23                   year after the date of the enactment of this Act,  
24                   the Secretary shall include in such report the im-  
25                   pacts and outcomes of a designation of a popu-

1            *lation census tract as a qualified opportunity*  
2            *zone as measured by economic indicators, such*  
3            *as job creation, poverty reduction, new business*  
4            *starts, and other metrics as determined by the*  
5            *Secretary.*

6            *(B) SEMI-DECENNIAL INFORMATION.—*

7            *(i) IN GENERAL.—In the case of any*  
8            *report submitted under paragraph (1) in*  
9            *the 6th year or the 11th year after the date*  
10           *of the enactment of this Act, the Secretary*  
11           *shall include the following information:*

12           *(I) For population census tracts*  
13           *designated as a qualified opportunity*  
14           *zone, a comparison (based on aggregate*  
15           *information) of the factors listed in*  
16           *clause (iii) between the 5-year period*  
17           *ending on the date of the enactment of*  
18           *Public Law 115–97 and the most re-*  
19           *cent 5-year period for which data is*  
20           *available.*

21           *(II) For population census tracts*  
22           *designated as a qualified opportunity*  
23           *zone, a comparison (based on aggregate*  
24           *information) of the factors listed in*  
25           *clause (iii) for the most recent 5-year*



1                    *period for which data is available be-*  
2                    *tween such population census tracts*  
3                    *and a similar population census tracts*  
4                    *that were not designated as a qualified*  
5                    *opportunity zone.*

6                    *(ii) CONTROL GROUPS.—For purposes*  
7                    *of clause (i), the Secretary may combine*  
8                    *population census tracts into such groups as*  
9                    *the Secretary determines appropriate for*  
10                   *purposes of making comparisons.*

11                   *(iii) FACTORS LISTED.—The factors*  
12                   *listed in this paragraph are the following:*

13                   *(I) The unemployment rate.*

14                   *(II) The number of persons work-*  
15                   *ing in the population census tract, in-*  
16                   *cluding the percentage of such persons*  
17                   *who were not residents in the popu-*  
18                   *lation census tract in the preceding*  
19                   *year.*

20                   *(III) Individual, family, and*  
21                   *household poverty rates.*

22                   *(IV) Median family income of*  
23                   *residents of the population census*  
24                   *tract.*

1                   (V) *Demographic information on*  
2                   *residents of the population census*  
3                   *tract, including age, income, edu-*  
4                   *cation, race, and employment.*

5                   (VI) *The average percentage of in-*  
6                   *come of residents of the population cen-*  
7                   *sus tract spent on rent annually.*

8                   (VII) *The number of residences in*  
9                   *the population census tract.*

10                  (VIII) *The rate of home ownership*  
11                  *in the population census tract.*

12                  (IX) *The average value of residen-*  
13                  *tial property in the population census*  
14                  *tract.*

15                  (X) *The number of affordable*  
16                  *housing units in the population census*  
17                  *tract.*

18                  (XI) *The number and percentage*  
19                  *of residents in the population census*  
20                  *tract that were not employed for the*  
21                  *preceding year.*

22                  (XII) *The number of new business*  
23                  *starts in the population census tract.*

24                  (XIII) *The distribution of employ-*  
25                  *ees in the population census tract by*

1                    *North American Industry Classifica-*  
2                    *tion System (NAICS) code.*

3                    (4) *PROTECTION OF IDENTIFIABLE RETURN IN-*  
4                    *FORMATION.—In making reports required under this*  
5                    *subsection, the Secretary—*

6                    (A) *shall establish appropriate procedures*  
7                    *to ensure that any amounts reported do not dis-*  
8                    *close taxpayer return information that can be*  
9                    *associated with any particular taxpayer or com-*  
10                    *petitive or proprietary information, and*

11                    (B) *if necessary to protect taxpayer return*  
12                    *information, may combine information required*  
13                    *with respect to individual population census*  
14                    *tracts into larger geographic areas.*

15                    (5) *DEFINITIONS.—Any term used in this sub-*  
16                    *section which is also used in subchapter Z of chapter*  
17                    *1 of the Internal Revenue Code of 1986 shall have the*  
18                    *meaning given such term under such subchapter.*

19                    (6) *REPORTS ON QUALIFIED RURAL OPPOR-*  
20                    *TUNITY FUNDS.—The Secretary shall make publicly*  
21                    *available, with respect to qualified rural opportunity*  
22                    *funds, separate reports as required under this sub-*  
23                    *section, applied—*

1                   (A) by substituting “qualified rural oppor-  
2                   tunity” for “qualified opportunity” each place it  
3                   appears, and

4                   (B) by substituting “the Small Business  
5                   Jobs Act” for “Public Law 115–97”.



Union Calendar No. 100

118<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 3937**

[Report No. 118-128]

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## **A BILL**

To amend the Internal Revenue Code of 1986 to promote the establishment and growth of small businesses.

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JUNE 30, 2023

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed