

116TH CONGRESS
1ST SESSION

H. R. 4274

To amend the Internal Revenue Code of 1986 to repeal the limitation on the deduction for certain taxes, including State and local property and income taxes, to limit the step-up in basis allowed in the case of property acquired from a decedent, and to deem a sale on any contribution of property to a private foundation.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 10, 2019

Mr. GOTTHEIMER (for himself and Mr. ZELDIN) 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 repeal the limitation on the deduction for certain taxes, including State and local property and income taxes, to limit the step-up in basis allowed in the case of property acquired from a decedent, and to deem a sale on any contribution of property to a private foundation.

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 “Cutting Local Taxes
5 by Reinstating SALT Act”.

1 **SEC. 2. REPEAL OF LIMITATION ON DEDUCTION FOR STATE**
2 **AND LOCAL, ETC. TAXES.**

3 (a) IN GENERAL.—Section 164(b) of the Internal
4 Revenue Code of 1986 is amended by striking paragraph
5 (6) (as added by Public Law 115–97) and all that follows.

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

9 **SEC. 3. STEP-UP IN BASIS OF PROPERTY ACQUIRED FROM**
10 **DECEDENT LIMITED TO \$5,000,000.**

11 (a) IN GENERAL.—Section 1014(a) of the Internal
12 Revenue Code of 1986 is amended to read as follows:

13 “(a) IN GENERAL.—Except as otherwise provided in
14 this section, the basis of property in the hands of a person
15 acquiring the property from a decedent or to whom the
16 property passed from a decedent shall, if not sold, ex-
17 changed, or otherwise disposed of before the decedent’s
18 death by such person, be the lesser of—

19 “(1) the adjusted basis of the decedent, or

20 “(2) the fair market value of the property at
21 the date of the decedent’s death.”.

22 (b) \$5,000,000 BASIS INCREASE.—Section 1014 of
23 such Code is amended by adding at the end the following
24 new subsection:

25 “(g) \$5,000,000 BASIS INCREASE.—

1 “(1) IN GENERAL.—The basis of a decedent’s
2 property to which subsection (a) applies shall be in-
3 creased by an amount equal to a portion of the ag-
4 gregate basis increase, which shall be allocated
5 amongst property of the decedent in proportion to
6 the net appreciation in value of the property.

7 “(2) AGGREGATE BASIS INCREASE.—For pur-
8 poses of this subsection, the aggregate basis increase
9 shall be an amount equal to the lesser of—

10 “(A) \$5,000,000, or

11 “(B) the aggregate net appreciation in
12 value of all the decedent’s property to which
13 subsection (a) applies.

14 “(3) NET APPRECIATION.—For purposes of this
15 subsection, the net appreciation in value of any
16 property is the amount by which (if any) the fair
17 market value of the property exceeds the decedent’s
18 adjusted basis as of the date of the decedent’s death.

19 “(4) SPECIAL RULES FOR CERTAIN PROP-
20 ERTY.—For purposes of determining net apprecia-
21 tion in value of property, in lieu of fair market
22 value, the following shall be used:

23 “(A) In the case of an election under
24 2032, the property value at the applicable valu-
25 ation date prescribed by such section.

1 “(B) In the case of an election under sec-
2 tion 2032A, the property value determined
3 under such section.

4 “(C) To the extent of the applicability of
5 the exclusion described in section 2031(e), the
6 basis in the hands of the decedent.”.

7 (c) CONFORMING AMENDMENTS.—

8 (1) Section 1014(d) of such Code is amended
9 by striking “under subsection (a), such basis (deter-
10 mined before the application of this subsection)” and
11 inserting “under this section (determined without re-
12 gard to this subsection), such basis”.

13 (2) Section 1014(e) of such Code is amended by
14 inserting before the period at the end the following:
15 “and subsection (g) shall not apply to such prop-
16 erty”.

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to the estates of decedents dying
19 after December 31, 2019.

20 **SEC. 4. TAX TREATMENT OF CONTRIBUTIONS OF PROP-**
21 **ERTY TO PRIVATE FOUNDATION.**

22 (a) IN GENERAL.—Part IV of subchapter P of the
23 Internal Revenue Code of 1986 is amended by adding at
24 the end the following new section:

1 **“SEC. 1261. TREATMENT OF CONTRIBUTIONS OF PROPERTY**
2 **TO PRIVATE FOUNDATION.**

3 “(a) IN GENERAL.—Any property contributed by a
4 taxpayer to a private foundation shall be treated for pur-
5 poses of this title as sold by the taxpayer on the date of
6 such contribution for its fair market value.

7 “(b) DETERMINATION AND RECOGNITION OF GAIN
8 AND LOSS.—In the case of any sale for the taxable year
9 under subsection (a)—

10 “(1) this subchapter shall be applied separately
11 with respect to all gains and losses from such sales,

12 “(2) losses shall be allowed only to the extent
13 of gains, and

14 “(3) the tax imposed by this chapter for such
15 taxable year shall not be less than the amount of
16 such tax (determined without regard to this section)
17 increased by an amount equal to the increase in
18 such tax which would result solely from the inclusion
19 of any net gain from all such sales.

20 “(c) COORDINATION WITH DEDUCTION.—No deduc-
21 tion shall be allowed under any other provision of this
22 chapter by reason of any contribution to which subsection
23 (a) applies.”.

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

“Sec. 1261. Treatment of contributions of property to private foundation.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to contributions of property in tax-
6 able years beginning after December 31, 2019.

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