

114TH CONGRESS
2D SESSION

S. 3354

To amend the Internal Revenue Code of 1986 to exclude income attributable to certain real property from gross income.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 20, 2016

Mr. KIRK (for himself and Mr. MANCHIN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exclude income attributable to certain real property from gross income.

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 “Bringing Business
5 Back Act of 2016”.

6 **SEC. 2. EXCLUSION FOR INCOME ATTRIBUTABLE TO CER-**
7 **TAIN REAL PROPERTY.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 is amended
10 by inserting after section 139F the following new section:

1 **“SEC. 139G. INCOME ATTRIBUTABLE TO QUALIFIED REAL**
 2 **PROPERTY EXCLUDED FROM GROSS INCOME.**

3 “(a) IN GENERAL.—Gross income shall not include
 4 income or gain attributable to qualified real property for
 5 any taxable year beginning during the exclusion period.

6 “(b) QUALIFIED REAL PROPERTY.—For purposes of
 7 this section—

8 “(1) IN GENERAL.—

9 “(A) DEFINITION.—The term ‘qualified
 10 real property’ means any real property—

11 “(i) which is certified by the State or
 12 local zoning authority, and any economic
 13 development board, with respect to such
 14 property as meeting the requirements of
 15 subparagraph (B), and

16 “(ii) with respect to which an election
 17 has been made (at such time and in such
 18 form and manner as the Secretary shall by
 19 regulation prescribe) to have this section
 20 apply.

21 “(B) REQUIREMENTS.—Property meets
 22 the requirements of this subparagraph if such
 23 property—

24 “(i) is zoned for commercial use,

1 “(ii) has been undeveloped and vacant
2 during the 2-year period ending on the
3 date of certification, and

4 “(iii) is located within a qualified cen-
5 sus tract.

6 “(2) QUALIFIED CENSUS TRACT.—The term
7 ‘qualified census tract’ means—

8 “(A) any census tract—

9 “(i) which—

10 “(I) has an average poverty rate
11 exceeding the national average poverty
12 rate, or

13 “(II) has an unemployment rate
14 above the national unemployment
15 rate, and

16 “(ii) exhibits another condition of dis-
17 tress, such as deteriorating infrastructure
18 or population decline, or

19 “(B) any qualified rural census tract.

20 “(3) QUALIFIED RURAL CENSUS TRACT.—The
21 term ‘qualified rural census tract’ means any census
22 tract—

23 “(A) which is located in a rural commu-
24 nity,

1 “(B) which has an unemployment rate of
2 not less than 6 percent, and

3 “(C) in which not less than 50 percent of
4 the houses were constructed before 1980.

5 “(4) RULES RELATING TO POVERTY AND UNEM-
6 EMPLOYMENT RATES.—For purposes of paragraphs (2)
7 and (3), poverty rates shall be determined by using
8 2010 census data, and unemployment rates shall be
9 determined by reference to the rate of unemploy-
10 ment announced by the Bureau of Labor Statistics
11 of the Department of Labor for the months in the
12 two most recently ended calendar quarters.

13 “(5) ECONOMIC DEVELOPMENT BOARD.—The
14 term ‘economic development board’ means, with re-
15 spect to any property, any entity established by law
16 to oversee the economic development of an area
17 within which such property is located.

18 “(c) EXCLUSION PERIOD.—The term ‘exclusion pe-
19 riod’ means, with respect to a taxable year, the 1-taxable-
20 year period beginning with the first taxable year beginning
21 after the date of the enactment of this section for which
22 the income attributable to the qualified real property ex-
23 ceeds the pre-depreciation expenses attributable to such
24 real property.

1 “(d) SPECIAL RULES.—For purposes of this sec-
2 tion—

3 “(1) SUBSEQUENT TAXPAYERS.—Subsection (a)
4 shall only apply to a taxpayer who has an ownership
5 interest in the qualified real property on the first
6 day of the exclusion period with respect to such
7 property.

8 “(2) LIMITATION ON APPLICATION OF SEC-
9 TION.—An election to have this section apply may
10 only be made once with respect to any property.

11 “(3) TAX-EXEMPT USE PROPERTY.—This sec-
12 tion shall not apply to any property which is tax-ex-
13 empt use property (as defined in section 168(h)).

14 “(e) REGULATIONS.—The Secretary may prescribe
15 such regulations as may be necessary or appropriate to
16 carry out the purposes of this section, including methods
17 for allocating income and expenses to property and rules
18 to prevent abuse of this section.”.

19 (b) CLERICAL AMENDMENT.—The table of parts for
20 part III of subchapter B of chapter 1 of such Code is
21 amended by inserting after the item relating to section
22 139F the following new item:

“Sec. 139G. Income attributable to qualified real property excluded from gross
income.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

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