

117TH CONGRESS
1ST SESSION

H. R. 1376

To eliminate lead-based pipe and tap hazards in housing, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 25, 2021

Mr. RYAN (for himself and Mr. MICHAEL F. DOYLE of Pennsylvania) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Financial Services, and Ways and Means, 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 eliminate lead-based pipe and tap hazards in housing,
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 “Grants for Eliminating the Toxic Hazard of Environ-
6 mental Lead in Our Towns Act of 2021” or the “GET
7 THE LEAD OUT Act of 2021”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Purposes.
- Sec. 3. Definitions.

TITLE I—LEAD-BASED PIPE HAZARD REDUCTION

- Sec. 101. Grants for lead-based pipe hazard reduction in housing.
- Sec. 102. Evaluation and reduction of lead-based pipe hazards in federally assisted housing.
- Sec. 103. Comprehensive housing affordability strategies.
- Sec. 104. Task force on lead-based pipe hazard reduction and financing.
- Sec. 105. National consultation on lead-based pipe hazard reduction.
- Sec. 106. Guidelines for lead-based pipe hazard evaluation and reduction activities.
- Sec. 107. Disclosure of information concerning lead upon transfer of residential property.

TITLE II—LEAD EXPOSURE REDUCTION

- Sec. 201. Lead-based pipe activities training and certification.
- Sec. 202. Identification of dangerous levels of lead.
- Sec. 203. Authorized State programs.
- Sec. 204. Lead abatement and measurement.
- Sec. 205. Lead hazard information pamphlet.
- Sec. 206. Regulations.
- Sec. 207. Control of lead-based pipe hazards at Federal facilities.
- Sec. 208. Prohibited Acts.
- Sec. 209. Relationship to other Federal law.
- Sec. 210. General provisions relating to administrative proceedings.

TITLE III—AUTHORIZATION OF APPROPRIATIONS FOR LEAD HAZARD REDUCTION

- Sec. 301. HUD grants for lead hazards reduction in housing.
- Sec. 302. EPA funding for lead exposure reduction.

TITLE IV—REVENUE PROVISIONS

- Sec. 401. Partnership interests transferred in connection with performance of services.
- Sec. 402. Special rules for partners providing investment management services to partnerships.
- Sec. 403. Return to pre-2018 estate and gift tax basic exclusion amount.

3 **SEC. 2. PURPOSES.**

4 The purposes of this Act are as follows:

1 (1) to develop a national strategy to build the
2 infrastructure necessary to eliminate lead-based pipe
3 and tap hazards in housing;

4 (2) to reorient the national approach to the
5 presence of lead-based pipe and taps in public and
6 private homes to implement, on a priority basis, a
7 program to evaluate and reduce lead-based pipe haz-
8 ards in the Nation's building stock;

9 (3) to encourage effective action to prevent
10 childhood lead poisoning by establishing a workable
11 framework for lead-based pipe and tap hazard eval-
12 uation and reduction and by ending the current con-
13 fusion over reasonable standards of care;

14 (4) to ensure and implement the definitions of
15 lead hazards in section 1417 of the Safe Drinking
16 Water Act (42 U.S.C. 300g-6) and ensure that the
17 existence of lead-based pipe and taps hazards is
18 taken into account in the development of Federal
19 Government housing policies and in the sale, rental
20 and renovation of homes, and apartments;

21 (5) to mobilize national resources expeditiously,
22 through a partnership among all levels of govern-
23 ment and the private sector, to develop the most
24 promising, cost-effective methods for evaluating and
25 reducing lead-based pipe and tap hazards;

1 (6) to reduce the threat of childhood lead poi-
2 soning in housing owned, assisted, or transferred by
3 the Federal Government; and

4 (7) to educate the public concerning the haz-
5 ards and sources of lead-based pipes and taps poi-
6 soning and steps to reduce and eliminate such haz-
7 ards.

8 **SEC. 3. DEFINITIONS.**

9 For purposes of this Act, the following definitions
10 shall apply:

11 (1) **ABATEMENT.**—The term “abatement”
12 means any set of measures designed to permanently
13 eliminate lead-based pipe hazards in accordance with
14 standards established by appropriate Federal agen-
15 cies. Such term includes—

16 (A) the removal of lead-based pipes and
17 taps;

18 (B) all preparation, cleanup, disposal, and
19 post-abatement clearance testing activities asso-
20 ciated with such measures; and

21 (C) all repair to damages post-abatement.

22 (2) **CERTIFIED CONTRACTOR.**—The term “cer-
23 tified contractor” means—

24 (A) a contractor, inspector, or supervisor
25 who has completed a training program certified

1 by the appropriate Federal agency and has met
2 any other requirements for certification or li-
3 censure established by such agency or who has
4 been certified by any State through a program
5 which has been found by such Federal agency
6 to be at least as rigorous as the Federal certifi-
7 cation program; and

8 (B) workers or designers who have fully
9 met training requirements established by the
10 appropriate Federal agency.

11 (3) CONTRACT FOR THE PURCHASE AND SALE
12 OF RESIDENTIAL REAL PROPERTY.—The term “con-
13 tract for the purchase and sale of residential real
14 property” means any contract or agreement in which
15 one party agrees to purchase an interest in real
16 property on which there is situated or more residen-
17 tial dwellings used or occupied, or intended to be
18 used or occupied, in whole or in part, as the home
19 or residence of one or more persons.

20 (4) EVALUATION.—The term “evaluation”
21 means risk assessment, inspection, or risk assess-
22 ment and inspection.

23 (5) FEDERALLY ASSISTED HOUSING.—The
24 term “federally assisted housing” means residential

1 dwellings receiving project-based assistance under
2 programs including—

3 (A) section 221(d)(3) or 236 of the Na-
4 tional Housing Act (12 U.S.C. 1715l(d)(3);
5 1715z-1);

6 (B) section 101 of the Housing and Urban
7 Development Act of 1965 (12 U.S.C. 1701s);

8 (C) section 8 of the United States Housing
9 Act of 1937 (42 U.S.C. 1437f); and

10 (D) sections 502(a), 504, 514, 515, 516,
11 and 533 of the Housing Act of 1949 (42 U.S.C.
12 1472(a); 1474; 1484; 1485; 1486; 1490m).

13 (6) **FEDERALLY OWNED HOUSING.**—The term
14 “federally owned housing” means residential dwell-
15 ings owned or managed by a Federal agency, or for
16 which a Federal agency is a trustee or conservator.
17 For the purpose of this paragraph, the term “Fed-
18 eral agency” includes the Department of Housing
19 and Urban Development, the Rural Housing Service
20 of the Department of Agriculture, the Federal De-
21 posit Insurance Corporation, the General Services
22 Administration, the Department of Defense, the De-
23 partment of Veterans Affairs, the Department of the
24 Interior, the Department of Transportation, and any
25 other Federal agency.

1 (7) **FEDERALLY SUPPORTED WORK.**—The term
2 “federally supported work” means any lead hazard
3 evaluation or reduction activities conducted in feder-
4 ally owned or assisted housing or funded in whole or
5 in part through any financial assistance program of
6 the Department of Housing and Urban Develop-
7 ment, the Rural Housing Service of the Department
8 of Agriculture, or the Department of Veterans Af-
9 fairs.

10 (8) **INSPECTION.**—The term “inspection”
11 means an investigation to determine the presence of
12 lead-based pipe or taps as provided in section 141.86
13 of the regulations of the Environmental Protection
14 Agency (40 C.F.R. 181.46; relating to monitoring
15 requirements for lead and copper in tap water) and
16 the provision of a report explaining the results of the
17 investigation.

18 (9) **INTERIM CONTROLS.**—The term “interim
19 controls” means a set of measures designed to re-
20 duce temporarily human exposure or likely exposure
21 to lead-based pipe hazards, including specialized
22 cleaning, repairs, maintenance, ongoing monitoring
23 of lead-based pipe or potential hazards, and the es-
24 tablishment and operation of management and resi-
25 dent education programs.

1 (10) LEAD-BASED PIPE.—The term “lead-based
2 pipe” means any pipe, including fittings, taps, fix-
3 tures, solder, and flux that does not satisfy the defi-
4 nition of “lead-free” established under section 1417
5 of the Safe Drinking Water Act.

6 (11) LEAD-BASED PIPE HAZARDS.—The term
7 “lead-based pipe hazards” means any condition that
8 causes exposure to lead from lead-based pipe that
9 would result in adverse human health effects, as es-
10 tablished by the Environmental Protection Agency.

11 (12) MORTGAGE LOAN.—The term “mortgage
12 loan” includes any loan (other than temporary fi-
13 nancing such as a construction loan) that—

14 (A) is secured by a first lien on any inter-
15 est in residential real property; and

16 (B) either—

17 (i) is insured, guaranteed, made, or
18 assisted by the Department of Housing
19 and Urban Development, the Department
20 of Veterans Affairs, or the Rural Housing
21 Service of the Department of Agriculture,
22 or by any other agency of the Federal Gov-
23 ernment; or

24 (ii) is intended to be sold by each
25 originating mortgage institution to any

1 federally chartered secondary mortgage
2 market institution.

3 (13) ORIGINATING MORTGAGE INSTITUTION.—

4 The term “originating mortgage institution” means
5 a lender that provides mortgage loans.

6 (14) PRIORITY HOUSING.—The term “priority

7 housing” means housing that qualifies as affordable
8 housing under section 215 of the Cranston-Gonzalez
9 National Affordable Housing Act (42 U.S.C.
10 12745), including housing that receives assistance
11 under subsection (b) or (o) of section 8 of the
12 United States Housing Act of 1937 (42 U.S.C.
13 1437f).

14 (15) PUBLIC HOUSING.—The term “public

15 housing” has the meaning given such term in section
16 3(b) of the United States Housing Act of 1937 (42
17 U.S.C. 1437a(b)).

18 (16) REDUCTION.—The term “reduction”

19 means measures designed to reduce or eliminate
20 human exposure to lead-based pipe hazards through
21 methods including interim controls and abatement.

22 (17) RESIDENTIAL DWELLING.—The term “res-

23 idential dwelling” means—

1 (A) a single-family dwelling, including at-
2 tached structures such as porches and stoops;
3 or

4 (B) a single-family dwelling unit in a
5 structure that contains more than 1 separate
6 residential dwelling unit, in which each such
7 unit is used or occupied, or intended to be used
8 or occupied, in whole or in part, as the home
9 or residence of one or more persons.

10 (18) RESIDENTIAL REAL PROPERTY.—The term
11 “residential real property” means real property on
12 which there is situated one or more residential dwell-
13 ings used or occupied, or intended to be used or oc-
14 cupied, in whole or in part, as the home or residence
15 of one or more persons.

16 (19) RISK ASSESSMENT.—The term “risk as-
17 sessment” means an on-site investigation to deter-
18 mine and report the existence, nature, severity, and
19 location of lead-based pipe hazards in residential
20 dwellings, including—

21 (A) information gathering regarding the
22 age and history of the housing and occupancy
23 by children under age 6;

24 (B) visual inspection;

1 (C) other activities as may be appropriate;
2 and

3 (D) provision of a report explaining the re-
4 sults of the investigation.

5 (20) SECRETARY.—The term “Secretary”
6 means the Secretary of Housing and Urban Develop-
7 ment.

8 **TITLE I—LEAD-BASED PIPE**
9 **HAZARD REDUCTION**

10 **SEC. 101. GRANTS FOR LEAD-BASED PIPE HAZARD REDUC-**
11 **TION IN HOUSING.**

12 (a) GENERAL AUTHORITY.—The Secretary of Hous-
13 ing and Urban Development is authorized to provide
14 grants to eligible applicants to evaluate and reduce lead-
15 based pipes hazards in priority housing that is not feder-
16 ally assisted housing, federally owned housing, or public
17 housing, in accordance with the provisions of this section.

18 (b) ELIGIBLE APPLICANTS.—A State or unit of local
19 government that has an approved comprehensive housing
20 affordability strategy under section 105 of the Cranston-
21 Gonzalez National Affordable Housing Act (42 U.S.C.
22 12705) is eligible to apply for a grant under this section.

23 (c) FORM OF APPLICATION.—To receive a grant
24 under this section, a State or unit of local government
25 shall submit an application in such form and in such man-

1 ner as the Secretary shall prescribe. An application shall
2 contain—

3 (1) a copy of that portion of an applicant's
4 comprehensive housing affordability strategy re-
5 quired by section 105(b)(16) of the Cranston-Gon-
6 zalez National Affordable Housing Act;

7 (2) a statement of the amount of assistance the
8 applicant seeks under this section;

9 (3) a description of the planned activities to be
10 undertaken with grants under this section, including
11 an estimate of the amount to be allocated for each
12 activity;

13 (4) a description of the forms of financial as-
14 sistance to owners and occupants of priority housing
15 that will be provided through grants under this sec-
16 tion; and

17 (5) such assurances as the Secretary may re-
18 quire regarding the applicant's capacity to carry out
19 the activities.

20 (d) SELECTION CRITERIA.—The Secretary shall
21 award grants under this section on the basis of the merit
22 of the activities proposed to be carried out and on the
23 basis of selection criteria, which shall include—

24 (1) the extent to which the proposed activities
25 will reduce the risk of lead-based water poisoning to

1 children under the age of 6 who reside in priority
2 housing;

3 (2) the degree of severity and extent of lead-
4 based pipe hazards in the jurisdiction to be served;

5 (3) the ability of the applicant to leverage
6 State, local, and private funds to supplement the
7 grant under this section;

8 (4) the ability of the applicant to carry out the
9 proposed activities; and

10 (5) such other factors as the Secretary deter-
11 mines appropriate to ensure that grants made avail-
12 able under this section are used effectively and to
13 promote the purposes of this Act.

14 (e) ELIGIBLE ACTIVITIES.—A grant under this sec-
15 tion may be used to—

16 (1) perform risk assessments and inspections in
17 priority housing;

18 (2) provide for the interim control of lead-based
19 pipe hazards in priority housing;

20 (3) provide for the abatement of lead-based pipe
21 hazards in priority housing;

22 (4) provide for the additional cost of reducing
23 lead-based pipe hazards in units undergoing renova-
24 tion funded by other sources;

1 (5) ensure that risk assessments, inspections,
2 and abatements are carried out by certified contrac-
3 tors monitor the blood-lead levels of workers involved
4 in lead hazard reduction activities funded under this
5 section;

6 (6) assist in the temporary relocation of fami-
7 lies forced to vacate priority housing while lead-
8 based pipe hazard reduction measures are being con-
9 ducted;

10 (7) educate the public on the nature and causes
11 of lead poisoning and measures to reduce exposure
12 to lead, including exposure due to residential lead-
13 based pipe hazards;

14 (8) test the blood-lead levels of children under
15 the age of 6 residing in priority housing after lead-
16 based pipe hazard reduction activity has been con-
17 ducted, to assure that such activity does not cause
18 excessive exposures to lead; and

19 (9) carry out such other activities that the Sec-
20 retary determines appropriate to promote the pur-
21 poses of this Act.

22 (f) FORMS OF ASSISTANCE.—A recipient of a grant
23 under this section may provide the services described in
24 this section through a variety of programs, including
25 grants, loans, equity investments, revolving loan funds,

1 loan funds, loan guarantees, interest write-downs, and
2 other forms of assistance approved by the Secretary.

3 (g) TECHNICAL ASSISTANCE AND CAPACITY BUILD-
4 INGS.—

5 (1) IN GENERAL.—The Secretary shall develop
6 the capacity of eligible applicants to carry out the
7 requirements of section 105(b)(18) of the Cranston-
8 Gonzalez National Affordable Housing Act and to
9 carry out activities under this section. In fiscal years
10 2022 and 2023, the Secretary may make grants of
11 up to \$200,000 for the purpose of establishing State
12 training, certification, or accreditation programs
13 that meet the requirements of section 201 of this
14 Act (relating to lead-based pipe activities training
15 and certification).

16 (2) SET-ASIDE.—Of the total amount approved
17 in appropriation Acts under section 301, there shall
18 be set aside to carry out this subsection \$3,000,000
19 for each of fiscal years 2022 through 2031.

20 (h) MATCHING REQUIREMENT.—The recipient of a
21 grant under this section shall make contributions toward
22 the cost of activities that receive assistance under this sec-
23 tion in an amount not less than 10 percent of the total
24 grant amount under this section.

1 (i) PROHIBITION OF SUBSTITUTION OF FUNDS.—

2 Grants under this section may not be used to replace other
3 amounts made available or designated by State or local
4 governments for use for the purposes under this title.

5 (j) LIMITATION ON USE.—A recipient of a grant
6 under this section shall ensure that not more than 10 per-
7 cent of the grant will be used for administrative expenses
8 associated with the activities funded by the grant.

9 (k) FINANCIAL RECORDS.—A recipient of a grant
10 under this section shall maintain and provide the Sec-
11 retary with financial records sufficient, in the determina-
12 tion of the Secretary, to ensure proper accounting and dis-
13 bursing of amounts received from a grant under this sec-
14 tion.

15 (l) REPORT.—A recipient of a grant under this sec-
16 tion shall submit to the Secretary, for any fiscal year in
17 which the recipient expends grant funds under this sec-
18 tion, a report that—

19 (1) describes the use of the amounts received;

20 (2) states the number of risk assessments and
21 the number of inspections conducted in residential
22 dwellings;

23 (3) states the number of residential dwellings in
24 which lead-based pipe hazards have been reduced
25 through interim controls;

1 (4) states the number of residential dwellings in
2 which lead-based pipe hazards have been abated; and

3 (5) provides any other information that the Sec-
4 retary determines to be appropriate.

5 (m) NOTICE OF FUNDING AVAILABILITY.—The Sec-
6 retary shall publish a Notice of Funding Availability not
7 later than 120 days after funds are appropriated to carry
8 out this section.

9 **SEC. 102. EVALUATION AND REDUCTION OF LEAD-BASED**
10 **PIPE HAZARDS IN FEDERALLY ASSISTED**
11 **HOUSING.**

12 (a) REQUIREMENTS FOR FEDERALLY ASSISTED
13 HOUSING.—The Secretary shall provide for appropriate
14 measures and procedures to conduct risk assessments, in-
15 spections, interim controls, and abatement of lead-based
16 pipe hazards in federally assisted housing. At a minimum,
17 such procedures shall require—

18 (1) the provision of lead hazard information
19 pamphlets, developed pursuant to section 205 of this
20 Act for purchasers and tenants of such housing;

21 (2) periodic risk assessments and interim con-
22 trols for such housing in accordance with a schedule
23 determined by the Secretary, which shall provide for
24 the initial risk assessment to be performed—

1 (A) in not less than 50 percent of the
2 dwelling units of such housing within 5 years
3 after the date of the enactment of this Act; and

4 (B) in the remainder of the dwelling units
5 of such housing within 10 years after such date
6 of enactment;

7 (3) inspection for the presence of lead-based
8 pipe in such housing prior to federally funded ren-
9 ovation or rehabilitation;

10 (4) reduction of lead-based pipe hazards in such
11 housing in the course of rehabilitation projects re-
12 ceiving less than \$25,000 per unit in Federal funds;

13 (5) abatement of lead-based pipe hazards in
14 such housing in the course of substantial rehabilita-
15 tion projects receiving more than \$25,000 per unit
16 in Federal funds;

17 (6) where risk assessment, inspection, or reduc-
18 tion activities have been undertaken in such housing,
19 the provision of notice to occupants describing the
20 nature and scope of such activities and the actual
21 risk assessment or inspection reports (including
22 available information on the location of any remain-
23 ing lead-based pipe and lead-based pipe hazards);
24 and

1 (7) such other measures for such housing as
2 the Secretary deems appropriate.

3 (b) PUBLIC HOUSING.—Section 9(d)(1) of the United
4 States Housing Act of 1937 (42 U.S.C. 1437g(d)(1)) is
5 amended—

6 (1) in subparagraph (K), by striking “and” at
7 the end;

8 (2) in subparagraph (L), by striking the period
9 at the end and inserting “; and”; and

10 (3) by adding at the end the following new sub-
11 paragraph:

12 “(M) lead-based pipe hazard evaluation
13 and reduction, as defined in section 3 of the
14 Grants for Eliminating the Toxic Hazard of
15 Environmental Lead in Our Towns Act of
16 2021.”.

17 (c) HOME INVESTMENT PARTNERSHIPS.—Section
18 212(a) of the Cranston-Gonzalez National Affordable
19 Housing Act (42 U.S.C. 12742(a)) is amended—

20 (1) by redesignating paragraph (5) (relating to
21 lead-based paint hazards) as paragraph (4); and

22 (2) by adding at the end the following new
23 paragraph:

24 “(5) LEAD-BASED PIPE HAZARDS.—A partici-
25 pating jurisdiction may use funds provided under

1 this subtitle for the evaluation and reduction of lead-
2 based pipe hazards.”.

3 (d) COMMUNITY DEVELOPMENT BLOCK GRANTS.—
4 Section 105(a) of the Housing and Community Develop-
5 ment Act of 1974 (42 U.S.C. 5305(a)) is amended—

6 (1) in paragraph (24)(D), by striking “and” at
7 the end;

8 (2) in paragraph (25), by striking the period at
9 the end and inserting “; and”; and

10 (3) by adding at the end the following:

11 “(26) lead-based pipe hazard evaluation and re-
12 duction, as defined in section 3 of the Grants for
13 Eliminating the Toxic Hazard of Environmental
14 Lead in Our Towns Act of 2021.”.

15 (e) SECTION 8 RENTAL ASSISTANCE.—Section
16 8(c)(2)(B) of the United States Housing Act of 1937 (42
17 U.S.C. 1437f(c)(2)(B)) is amended by adding at the end
18 the following: “The Secretary may (at the discretion of
19 the Secretary and subject to the availability of appropria-
20 tions for contract amendments), on a project-by-project
21 basis for projects receiving project-based assistance, pro-
22 vide adjustments to the maximum monthly rents to cover
23 the costs of evaluating and reducing lead-based pipe haz-
24 ards, as defined in section 3 of the Grants for Eliminating

1 the Toxic Hazard of Environmental Lead in Our Towns
2 Act of 2021.”.

3 (f) HOPE FOR PUBLIC AND INDIAN HOUSING HOME-
4 OWNERSHIP.—Title III of the United States Housing Act
5 of 1937 is amended—

6 (1) in section 302(b) (42 U.S.C. 1437aaa-
7 1(b))—

8 (A) by redesignating paragraphs (5)
9 through (9) as paragraphs (6) through (10), re-
10 spectively; and

11 (B) by inserting after paragraph (4) the
12 following:

13 “(5) inspection for lead-based pipe hazards, as
14 required by section 102(a) of the Grants for Elimini-
15 nating the Toxic Hazard of Environmental Lead in
16 Our Towns Act of 2021;” and

17 (2) in section 303(b) (42 U.S.C. 1437aaa-
18 2(b))—

19 (A) by redesignating paragraphs (5)
20 through (14) as paragraphs (6) through (15),
21 respectively; and

22 (B) by inserting after paragraph (4) the
23 following:

24 “(5) Abatement of lead-based pipe hazards, as
25 required by section 102(a) of the Grants for Elimi-

1 nating the Toxic Hazard of Environmental Lead in
2 Our Towns Act of 2021.”.

3 (g) HOPE FOR HOMEOWNERSHIP OF MULTIFAMILY
4 UNITS.—Title IV of the Cranston-Gonzalez National Af-
5 fordable Housing Act is amended—

6 (1) in section 422(b) (42 U.S.C. 12872(b))—

7 (A) by redesignating paragraphs (5)
8 through (9) as paragraphs (6) through (10), re-
9 spectively; and

10 (B) by inserting after paragraph (4) the
11 following:

12 “(5) inspection for lead-based pipe hazards, as
13 required by section 102(a) of the Grants for Elimini-
14 nating the Toxic Hazard of Environmental Lead in
15 Our Towns Act of 2021;” and

16 (2) in section 423(b) (42 U.S.C. 12873(b))—

17 (A) by redesignating paragraphs (5)
18 through (14) as paragraphs (6) through (15),
19 respectively; and

20 (B) by inserting after paragraph (4) the
21 following:

22 “(5) Abatement of lead-based pipe hazards, as
23 required by section 102(a) of the Grants for Elimini-
24 nating the Toxic Hazard of Environmental Lead in
25 Our Towns Act of 2021.”.

1 (h) HOPE FOR HOMEOWNERSHIP OF SINGLE FAMILY
2 HOMES.—Title IV of the Cranston-Gonzalez National Af-
3 fordable Housing Act is amended—

4 (1) in section 442(b) (42 U.S.C. 12892(b))—

5 (A) by redesignating paragraphs (5)
6 through (9) as paragraphs (6) through (10), re-
7 spectively; and

8 (B) by inserting after paragraph (4) the
9 following:

10 “(5) inspection for lead-based pipe hazards, as
11 required by section 102(a) of the Grants for Elimini-
12 nating the Toxic Hazard of Environmental Lead in
13 Our Towns Act of 2021;” and

14 (2) in section 443(b) (42 U.S.C. 12893(b))—

15 (A) by redesignating paragraphs (5)
16 through (11) as paragraphs (6) through (12),
17 respectively; and

18 (B) by inserting after paragraph (4) the
19 following:

20 “(5) Abatement of lead-based pipe hazards, as
21 required by section 102(a) of the Grants for Elimini-
22 nating the Toxic Hazard of Environmental Lead in
23 Our Towns Act of 2021.”.

24 (i) FHA INSURANCE FOR MORTGAGES FOR SINGLE
25 FAMILY HOMES.—

1 (1) HOME IMPROVEMENT.—The fourth undesig-
2 nated paragraph of section 2(a) of the National
3 Housing Act (12 U.S.C. 1703(a)) is amended—

4 (A) by inserting after the period at the end
5 of the first sentence the following: “Alterations,
6 repairs, and improvements upon or in connec-
7 tion with existing structures may also include
8 the evaluation and reduction of lead-based pipes
9 hazards.”; and

10 (B) in the last sentence—

11 (i) in paragraph (2), by striking
12 “and” at the end;

13 (ii) in paragraph (3), by striking the
14 period at the end and inserting “and”;

15 (iii) in paragraph (4)—

16 (I) by inserting “, when used
17 with respect to lead-based paint haz-
18 ards,” before “have”; and

19 (II) by striking the period at the
20 end and inserting “and”; and

21 (iv) by adding at the end the fol-
22 lowing:

23 “(5) the terms ‘evaluation’, ‘reduction’, and
24 ‘lead-based pipe hazard’, when used with respect to
25 lead-based pipe hazards, have the meaning given

1 such term in section 3 of the Grants for Eliminating
2 the Toxic Hazard of Environmental Lead in Our
3 Towns Act of 2021.”.

4 (2) REHABILITATION LOANS.—The last sen-
5 tence of section 203(k)(2)(B) of the National Hous-
6 ing Act (12 U.S.C. 1709(k)(2)(B)) is amended by
7 inserting before the period at the end the following:
8 “, and measures to evaluate and reduce lead-based
9 pipe hazards, as such terms are defined in section
10 3 of the Grants for Eliminating the Toxic Hazard
11 of Environmental Lead in Our Towns Act of 2021”.

12 (j) FHA INSURANCE FOR MORTGAGES FOR MULTI-
13 FAMILY HOUSING.—Section 221(d)(4)(iv) of the National
14 Housing Act (12 U.S.C. 17151(d)(4)(iv)) is amended by
15 inserting before the closing parentheses the following: “,
16 and the cost of evaluating and reducing lead-based pipe
17 hazards, as such terms are defined in section 3 of the
18 Grants for Eliminating the Toxic Hazard of Environ-
19 mental Lead in Our Towns Act of 2021”.

20 (k) RURAL HOUSING.—Section 501(a)(5) of the
21 Housing Act of 1949 (42 U.S.C. 1471) is amended by in-
22 serting before the period at the end the following: “, and
23 measures to evaluate and reduce lead-based pipe hazards,
24 as such terms are defined in section 3 of the Grants for

1 Eliminating the Toxic Hazard of Environmental Lead in
2 Our Towns Act of 2021”.

3 **SEC. 103. COMPREHENSIVE HOUSING AFFORDABILITY**
4 **STRATEGIES.**

5 Section 105 of the Cranston-Gonzalez National Af-
6 fordable Housing Act (42 U.S.C. 12705) is amended—

7 (1) in subsection (b)—

8 (A) by redesignating paragraphs (18),
9 (19), and (20) as paragraphs (19), (20), and
10 (21), respectively; and

11 (B) by inserting after paragraph (17) the
12 following new paragraph:

13 “(18) estimate the number of housing units
14 within the jurisdiction that are occupied by low-in-
15 come families or very low-income families and that
16 contain lead-based pipe hazards, as defined in sec-
17 tion 3 of the Grants for Eliminating the Toxic Haz-
18 ard of Environmental Lead in Our Towns Act of
19 2021, outline the actions proposed or being taken to
20 evaluate and reduce lead-based pipe hazards, and de-
21 scribe how lead-based pipe hazard reduction will be
22 integrated into housing policies and programs;”;

23 (2) in subsection (e)—

1 (A) in paragraph (2), by striking “para-
2 graph (16)” and inserting “paragraph (17)”;
3 and

4 (B) by adding at the end the following new
5 paragraph:

6 “(3) LEAD-BASED PIPE HAZARDS.—When pre-
7 paring the portion of a housing strategy required by
8 subsection (b)(18), a jurisdiction shall consult with
9 State or local health and child welfare agencies and
10 examine existing data related to lead-based pipe haz-
11 ards and poisonings, including health department
12 data on the addresses of housing units in which chil-
13 dren have been identified as lead poisoned.”.

14 **SEC. 104. TASK FORCE ON LEAD-BASED PIPE HAZARD RE-**
15 **DUCTION AND FINANCING.**

16 (a) IN GENERAL.—The Secretary, in consultation
17 with the Administrator of the Environmental Protection
18 Agency shall establish a task force to make recommenda-
19 tions on expanding resources and efforts to evaluate and
20 reduce lead-based pipe hazards in private housing.

21 (b) MEMBERSHIP.—The task force shall include indi-
22 viduals representing the Department of Housing and
23 Urban Development, the Rural Housing Service of the De-
24 partment of Agriculture, the Department of Veterans Af-
25 fairs, the Federal Home Loan Mortgage Corporation, the

1 Federal National Mortgage Association, the Environ-
2 mental Protection Agency, employee or organizations in
3 the building and construction trades industry, landlords,
4 tenants, primary lending institutions, private mortgage in-
5 surers, single family and multifamily real estate interests,
6 nonprofit housing developers, property liability insurers,
7 public housing agencies, low-income housing advocacy or-
8 ganizations, national, State and local lead-poisoning pre-
9 vention advocates and experts, and community-based or-
10 ganizations located in areas with substantial rental hous-
11 ing.

12 (c) RESPONSIBILITIES.—The task force shall make
13 recommendations to the Secretary and the Administrator
14 of the Environmental Protection Agency concerning—

15 (1) incorporating the need to finance lead-based
16 pipe hazard reduction into underwriting standards;

17 (2) developing new loan products and proce-
18 dures for financing lead-based pipe hazard evalua-
19 tion and reduction activities;

20 (3) adjusting appraisal guidelines to address
21 lead safety;

22 (4) incorporating risk assessments or inspec-
23 tions for lead-based pipe as a routine procedure in
24 the origination of new residential mortgages;

1 with lead poisoning prevention, and the task force estab-
2 lished pursuant to section 104.

3 **SEC. 106. GUIDELINES FOR LEAD-BASED PIPE HAZARD**
4 **EVALUATION AND REDUCTION ACTIVITIES.**

5 Not later than 12 months after the date of the enact-
6 ment of this Act, the Secretary, in consultation with the
7 Administrator of the Environmental Protection Agency,
8 the Secretary of Labor, and the Secretary of Health and
9 Human Services (acting through the Director of the Cen-
10 ters for Disease Control), shall issue guidelines for the
11 conduct of federally supported work involving risk assess-
12 ments, regulations, inspections, interim controls, and
13 abatement of lead-based pipe hazards. Such guidelines
14 shall be based upon criteria that measure the condition
15 of the housing (and the presence of children under age
16 6 for the purposes of risk assessments) and shall not be
17 based upon criteria that measure the health of the resi-
18 dents of the housing.

19 **SEC. 107. DISCLOSURE OF INFORMATION CONCERNING**
20 **LEAD UPON TRANSFER OF RESIDENTIAL**
21 **PROPERTY.**

22 (a) DISCLOSURE IN PURCHASE AND SALE OR LEASE
23 OF HOUSING.—

24 (1) LEAD-BASED PIPE HAZARDS.—Not later
25 than 2 years after the date of the enactment of this

1 Act, the Secretary and the Administrator of the En-
2 vironmental Protection Agency shall promulgate reg-
3 ulations under this section for the disclosure of lead-
4 based pipe hazards in housing that is offered for
5 sale or lease. The regulations shall require that, be-
6 fore the purchaser or lessee is obligated under any
7 contract to purchase or lease the housing, the seller
8 or lessor shall—

9 (A) provide the purchaser or lessee with a
10 lead hazard information pamphlet, as pre-
11 scribed by the Administrator of the Environ-
12 mental Protection Agency under section 406 of
13 the Toxic Substances Control Act;

14 (B) disclose to the purchaser or lessee the
15 presence of any known lead-based pipe, or any
16 known lead-based pipe hazards, in such housing
17 and provide to the purchaser or lessee a lead
18 hazard evaluation report available to the seller
19 or lessor; and

20 (C) permit the purchaser a 10-day period
21 (unless the parties mutually agree upon a dif-
22 ferent rid of time) to conduct a risk assessment
23 or inspection or the presence of lead-based pipe
24 hazards.

1 (2) CONTRACT FOR PURCHASE AND SALE.—The
2 regulations promulgated under this section shall pro-
3 vide that every contract for the purchase and sale of
4 any interest in housing shall contain a Lead Warn-
5 ing Statement and a statement signed by the pur-
6 chaser that the purchaser has—

7 (A) read the Lead Warning Statement and
8 understands its contents;

9 (B) received a lead hazard information
10 pamphlet; and

11 (C) had a 10-day opportunity (unless the
12 parties mutually agreed upon a different period
13 of time) before becoming obligated under the
14 contract to purchase the housing to conduct a
15 risk assessment or inspection for the presence
16 of lead-based pipe hazards.

17 (3) CONTENTS OF LEAD WARNING STATE-
18 MENT.—The Lead Warning Statement referred to in
19 paragraph (2) shall contain the following text print-
20 ed in large type on a separate sheet of paper at-
21 tached to the contract: “Every purchaser of any in-
22 terest in residential real property on which a resi-
23 dential dwelling was built prior to 1986 is notified
24 that such property may present exposure to lead
25 from lead-based pipes that may place young children

1 at risk of developing lead poisoning. Lead poisoning
2 in young children may produce permanent neuro-
3 logical damage, including learning disabilities, re-
4 duced intelligence quotient, behavioral problems, and
5 impaired memory. Lead poisoning also poses a par-
6 ticular risk to pregnant women. The seller interest
7 in residential real property is required to provide the
8 buyer with any information on lead-based pipe haz-
9 ards from risk assessment or inspections in the sell-
10 er's possession and notify the buyer of any known
11 lead-based pipe hazards. A risk assessment or in-
12 spection for possible lead-based pipe hazards is rec-
13 ommended prior to purchase.”.

14 (4) COMPLIANCE ASSURANCE.—Whenever a
15 seller or lessor has entered into a contract with an
16 agent for the purpose of selling or leasing a unit of
17 housing, the regulations promulgated under this sec-
18 tion shall require the agent, on behalf of the seller
19 or lessor, to ensure compliance with the require-
20 ments of this section.

21 (b) PROMULGATION.—A suit may be brought against
22 the Secretary of Housing and Urban Development and the
23 Administrator of the Environmental Protection Agency
24 under section 20 of the Toxic Substances Control Act to
25 compel promulgation of the regulations required under

1 this section and the Federal district court shall have juris-
2 diction to order such promulgation.

3 (c) PENALTIES FOR VIOLATIONS.—

4 (1) MONETARY PENALTY.—Any person who
5 knowingly violates any provision of this section shall
6 be subject to civil money penalties in accordance
7 with the provisions of section 102 of the Department
8 of Housing and Urban Development Reform Act of
9 1989 (42 U.S.C. 3545).

10 (2) ACTION BY SECRETARY.—The Secretary is
11 authorized to take such lawful action as may be nec-
12 essary to enjoin any violation of this section.

13 (3) CIVIL LIABILITY.—Any person who know-
14 ingly violates the provisions of this section shall be
15 jointly and severally liable to the purchaser or lessee
16 in an amount equal to 3 times the amount of dam-
17 ages incurred by such individual.

18 (4) COSTS.—In any civil action brought for
19 damages, the appropriate court may award court
20 costs to the party commencing such action, together
21 with reasonable attorney fees and any expert witness
22 fees, if that party prevails.

23 (5) PROHIBITED ACT.—It shall be a prohibited
24 act under section 409 of the Toxic Substances Con-
25 trol Act for any person to fail or refuse to comply

1 with a provision of this section or with any rule or
2 order issued under this section. For purposes of en-
3 forcing this section under the Toxic Substances Con-
4 trol Act, the penalty for each violation applicable
5 under section 16 of that Act shall not be more than
6 \$10,000.

7 (d) VALIDITY OF CONTRACTS AND LIENS.—Nothing
8 in this section shall affect the validity or enforceability of
9 any sale or contract for the purchase and sale or lease
10 of any interest in residential real property or any loan,
11 loan agreement, mortgage, or lien made or arising in con-
12 nection with a mortgage loan, nor shall anything in this
13 section create a defect in title.

14 (e) EFFECTIVE DATE.—The regulations under this
15 section shall take effect 3 years after the date of the enact-
16 ment of this Act.

17 **TITLE II—LEAD EXPOSURE** 18 **REDUCTION**

19 **SEC. 201. LEAD-BASED PIPE ACTIVITIES TRAINING AND** 20 **CERTIFICATION.**

21 (a) REGULATIONS.—

22 (1) IN GENERAL.—Not later than 18 months
23 after the date of the enactment of this Act, the Ad-
24 ministrator of the Environmental Protection Agency
25 (in this title referred to as the “Administrator”)

1 shall, in consultation with the Secretary of Labor,
2 the Secretary of Housing and Urban Development,
3 and the Secretary of Health and Human Services
4 (acting through the Director of the National Insti-
5 tute for Occupational Safety and Health), promul-
6 gate final regulations governing lead-based pipe ac-
7 tivities to ensure that individuals engaged in such
8 activities are properly trained; that training pro-
9 grams are accredited; and that contractors are en-
10 gaged in such activities are certified. Such regula-
11 tions shall contain standards for performing lead-
12 based pipe activities, taking into account reliability,
13 effectiveness, and safety. Such regulations shall re-
14 quire that all risk assessment, inspection, and abate-
15 ment activities performed in housing shall be per-
16 formed by certified contractors.

17 (2) ACCREDITATION OF TRAINING PROGRAMS.—
18 Final regulations shall contain specific requirements
19 for the accreditation of lead-based pipe activities
20 training programs for workers, supervisors, inspec-
21 tors and planners, and other individuals involved in
22 lead-based pipe activities, including, but not limited
23 to, each of the following:

24 (A) Minimum requirements for the accredi-
25 tation of training providers.

1 (B) Minimum training curriculum require-
2 ments.

3 (C) Minimum training hour requirements.

4 (D) Minimum hands-on training require-
5 ments.

6 (E) Minimum trainee competency and pro-
7 ficiency requirements.

8 (F) Minimum requirements for training
9 program quality control.

10 (3) ACCREDITATION AND CERTIFICATION
11 FEES.—The Administrator (or the State in the case
12 of an authorized State program) shall impose a fee
13 on—

14 (A) persons operating training programs
15 accredited under this title; and

16 (B) lead-based pipe activities contractors
17 certified in accordance accreditation with para-
18 graph (1).

19 The fees shall be established at such level as is nec-
20 essary to cover the costs of administering and en-
21 forcing the standards and regulations under this sec-
22 tion which are applicable to such programs and con-
23 tractors. The fee shall not be imposed on any State,
24 local government, or nonprofit training program.
25 The Administrator (or the State in the case of an

1 authorized State program) may waive the fee for
2 lead-based pipe activities contractors for the purpose
3 of training their own employees.

4 (b) LEAD-BASED PIPE ACTIVITIES.—For purposes of
5 this title, the term “lead-based pipe activities” means—

6 (1) in the case of housing, risk assessment, in-
7 spection, and abatement; and

8 (2) in the case of any public building con-
9 structed before 1986, commercial building, or any
10 other structure, evaluation and abatement of lead-
11 based pipes and lead-based pipe hazards.

12 (c) RENOVATION AND REMODELING.—

13 (1) GUIDELINES.—In order to reduce the risk
14 of exposure to lead in connection with renovation
15 and remodeling of housing, public buildings, and
16 commercial buildings, the Administrator shall, with-
17 in 18 months after the enactment of this section,
18 promulgate guidelines for the conduct of such ren-
19 ovation and remodeling activities which may create
20 a risk of exposure to dangerous levels of lead. The
21 Administrator shall disseminate such guidelines to
22 persons engaged in such renovation and remodeling
23 through hardware stores, employee organizations,
24 trade groups, State and local agencies, and through
25 other appropriate means.

1 (2) STUDY OF CERTIFICATION.—The Adminis-
2 trator shall conduct a study of the extent to which
3 persons engaged in various types of renovation and
4 remodeling activities in housing, public buildings,
5 and commercial buildings are exposed to lead in the
6 conduct of such activities or disturb lead and create
7 a lead-based pipe hazard on a regular or occasional
8 basis. The Administrator shall complete such study
9 and publish the results thereof within 30 months
10 after the enactment of this section.

11 (3) CERTIFICATION DETERMINATION.—Within
12 4 years after the enactment of this section, the Ad-
13 ministrator shall revise the regulations to apply the
14 regulations to renovation or remodeling activities in
15 housing and commercial buildings that create lead-
16 based pipe hazards. In determining which contrac-
17 tors are engaged in such activities, the Adminis-
18 trator shall utilize the results of the study and con-
19 sult with the representatives of labor organizations,
20 lead-based pipe activities contractors, persons en-
21 gaged in remodeling and renovation, experts in lead
22 health effects, and others. If the Administrator de-
23 termines that a category of contractors engaged in
24 renovation or remodeling does not require certifi-

1 cation, the Administrator shall publish an expla-
2 nation of the basis for that determination.

3 **SEC. 202. IDENTIFICATION OF DANGEROUS LEVELS OF**
4 **LEAD.**

5 Within 18 months after the enactment of this Act,
6 the Administrator shall promulgate regulations which
7 shall identify for purposes of this title lead-based pipe haz-
8 ards.

9 **SEC. 203. AUTHORIZED STATE PROGRAMS.**

10 (a) APPROVAL.—Any State which seeks to administer
11 and enforce the standards, regulations, or other require-
12 ments established may, after notice and opportunity for
13 public hearing, develop and submit to the Administrator
14 an application, in such form as the Administrator shall
15 require, for authorization of such a State program. Any
16 such State may also certify to the Administrator at the
17 time of submitting such program that the State program
18 meets the requirements of paragraphs (1) and (2) of sub-
19 section (b). Upon submission of such certification, the
20 State program shall be deemed to be authorized under this
21 section, and shall apply in such State in lieu of the cor-
22 responding Federal program as the case may be, until
23 such time as the Administrator disapproves the program
24 or withdraws the authorization.

1 (b) APPROVAL OR DISAPPROVAL.—Within 180 days
2 following submission of an application, the Administrator
3 shall approve or disapprove the application. The Adminis-
4 trator may approve the application only if after notice and
5 after opportunity for public hearing, the Administrator
6 finds that—

7 (1) the State program is at least as protective
8 of human health and the environment as the Federal
9 program as the case may be; and

10 (2) such State program provides adequate en-
11 forcement.

12 Upon authorization of a date program under this section,
13 it shall be unlawful for any person to violate or fail or
14 refuse to comply with any requirement of such program.

15 (c) WITHDRAWAL OF AUTHORIZATION.—If a State is
16 not administering and enforcing a program authorized
17 under this section in compliance with standards, regula-
18 tions, and other requirements of this title, the Adminis-
19 trator shall so notify the State and, if corrective action
20 is not completed within a reasonable time, not to exceed
21 180 days, the Administrator shall withdraw authorization
22 of such program and establish a Federal program pursu-
23 ant to this title.

24 (d) MODEL STATE PROGRAM.—Within 18 months
25 after the enactment of this title, the Administrator shall

1 promulgate a model State program which may be adopted
2 by any State which seeks to administer and enforce a
3 State program under this title. Such model program shall,
4 to the extent practicable, encourage States to utilize exist-
5 ing State and local certification and accreditation pro-
6 grams and procedures. Such program shall encourage reci-
7 procity among the States with respect to the certification.

8 (e) OTHER STATE REQUIREMENTS.—Nothing in this
9 title shall be construed to prohibit any State or political
10 subdivision thereof from imposing any requirements which
11 are more stringent than those imposed by this title.

12 (f) STATE AND LOCAL CERTIFICATION.—The regula-
13 tions under this title shall, to the extent appropriate, en-
14 courage States to seek program authorization and to use
15 existing State and local certification and accreditation pro-
16 cedures, except that a State or local government shall not
17 require more than 1 certification under this section for
18 any lead-based pipe activities contractor to carry out lead-
19 based pipe activities in the State or political subdivision
20 thereof.

21 (g) GRANTS TO STATES.—The Administrator is au-
22 thorized to make grants to States to develop and carry
23 out authorized State programs under this section. The
24 grants shall be subject to such terms and conditions as

1 the Administrator may establish to further the purposes
2 of this title.

3 (h) ENFORCEMENT BY ADMINISTRATOR.—If a State
4 does not have a State program authorized under this sec-
5 tion and in effect by the date which is 2 years after pro-
6 mulgation of the regulations the Administrator shall, by
7 such date, establish a Federal program for such State.

8 **SEC. 204. LEAD ABATEMENT AND MEASUREMENT.**

9 (a) PROGRAM TO PROMOTE LEAD EXPOSURE
10 ABATEMENT.—The Administrator, in cooperation with
11 other appropriate Federal departments and agencies, shall
12 conduct a comprehensive program to promote safe, effec-
13 tive, and affordable monitoring, detection, and abatement
14 of lead-based pipe and other lead exposure hazards.

15 (b) STANDARDS FOR ENVIRONMENTAL SAMPLING
16 LABORATORIES.—

17 (1) MINIMUM PERFORMANCE STANDARDS.—

18 The Administrator shall establish protocols, criteria,
19 and minimum performance standards for laboratory
20 analysis of lead in paint pipes, taps, and water.

21 Within 2 years after the enactment of this Act, the
22 Administrator, in consultation with the Secretary of
23 Health and Human Services, shall establish a pro-
24 gram to certify laboratories as qualified to test sub-
25 stances for lead content unless the Administrator de-

1 termines, by the date specified in this paragraph,
2 that effective voluntary accreditation programs are
3 in place and operating on a nationwide basis at the
4 time of such determination. To be certified under
5 such program, a laboratory shall, at a minimum,
6 demonstrate an ability to test substances accurately
7 for lead content.

8 (2) PUBLIC INFORMATION.—Not later than 24
9 months after the date of the enactment of this sec-
10 tion, and annually thereafter, the Administrator
11 shall publish and make available to the public a list
12 of certified or accredited environmental sampling
13 laboratories.

14 (3) CERTIFICATION PROGRAM.—If the Adminis-
15 trator determines that effective voluntary accredita-
16 tion programs are in place for environmental sam-
17 pling laboratories, the Administrator shall review the
18 performance and effectiveness of such programs
19 within 3 years after such determination. If, upon
20 such review, the Administrator determines that the
21 voluntary accreditation programs are not effective in
22 assuring the quality and consistency of laboratory
23 analyses, the Administrator shall, not more than 12
24 months thereafter, establish a certification program
25 that meets the requirements of paragraph (1).

1 (c) EXPOSURE STUDIES.—

2 (1) CHILDREN.—The Secretary of Health and
3 Human Services (in this subsection referred to as
4 the “Secretary”), acting through the Director of the
5 Centers for Disease Control (CDC), and the Direc-
6 tor of the National Institute of Environmental
7 Health Sciences, shall jointly conduct a study of the
8 sources of lead exposure in children who have ele-
9 vated blood lead levels (or other indicators of ele-
10 vated lead body burden), as defined by the Director
11 of the Centers for Disease Control.

12 (2) WATER.—The Secretary, in consultation
13 with the Director of the National Institute for Occu-
14 pational Safety and Health, shall conduct a com-
15 prehensive study of means to reduce hazardous occu-
16 pational lead abatement exposures in water. This
17 study shall include, at a minimum, each of the fol-
18 lowing:

19 (A) Surveillance and intention capability in
20 the States to identify and prevent hazardous ex-
21 posures to lead abatement workers.

22 (B) Demonstration of lead abatement con-
23 trol methods and devices and work practices to
24 identify and prevent hazardous lead exposures
25 in the workplace.

1 (C) Evaluation, in consultation with the
2 National Institute of Environmental Health
3 Sciences, of health effects of low and high levels
4 of occupational lead exposures through fluids on
5 reproductive, neurological, renal, and cardio-
6 vascular health.

7 (D) Identification of high-risk occupational
8 settings to which prevention activities and re-
9 sources should be targeted.

10 (E) A study assessing the potential expo-
11 sures and risks from lead to janitorial and cus-
12 todial workers.

13 (3) CONTRIBUTION TO ELEVATED LEAD BODY
14 BURDEN.—The studies described in paragraphs (1)
15 and (2) shall as appropriate, examine the relative
16 contributions to elevated lead body burden from each
17 of the following:

18 (A) Drinking water.

19 (B) Food.

20 (C) Occupational exposures, and other ex-
21 posures that the Secretary determines to be ap-
22 propriate.

23 (4) REPORT.—Not later than 30 months after
24 the date of the enactment of this section, the Sec-
25 retary shall submit a report to the Congress con-

1 cerning the studies described in paragraphs (1) and
2 (2).

3 (d) PUBLIC EDUCATION.—

4 (1) IN GENERAL.—The Administrator, in con-
5 junction with the Secretary of Health and Human
6 Services, acting through the Director of the Agency
7 for Toxic Substances and Disease Registry, and in
8 conjunction with the Secretary of Housing and
9 Urban Development, shall sponsor public education
10 and outreach activities to increase public awareness
11 of—

12 (A) the scope and severity of lead poi-
13 soning from household sources, particularly
14 lead-based pipes;

15 (B) potential exposure to sources of lead in
16 schools and childhood day care centers, particu-
17 larly lead-based pipes;

18 (C) the implications of exposures for men
19 and women, particularly those of childbearing
20 age;

21 (D) the need for careful, quality, abate-
22 ment and management actions;

23 (E) the need for universal screening of
24 children;

1 (F) other components of a lead poisoning
2 prevention program;

3 (G) the health consequences of lead expo-
4 sure resulting from lead-based pipe hazards;

5 (H) risk assessment and inspection meth-
6 ods for lead-based pipe hazards; and

7 (I) measures to reduce the risk of lead ex-
8 posure from lead-based pipes.

9 (2) TARGETED AUDIENCES.—The activities de-
10 scribed in paragraph (1) shall be designed to provide
11 educational services and information to—

12 (A) health professionals;

13 (B) the general public, with emphasis on
14 parents of young children;

15 (C) homeowners, landlords, and tenants;

16 (D) consumers of home improvement prod-
17 ucts;

18 (E) the residential real estate industry;

19 and

20 (F) the home renovation industry.

21 (e) TECHNICAL ASSISTANCE.—

22 (1) CLEARINGHOUSE.—Not later than 6
23 months after the enactment of this Act, the Admin-
24 istrator shall establish, in consultation with the Sec-
25 retary of Housing and Urban Development and the

1 Director of the Centers for Disease Control, a Na-
2 tional Clearinghouse on Childhood Lead Poisoning
3 (in this section referred to as the “Clearinghouse”).

4 The Clearinghouse shall—

5 (A) collect, evaluate, and disseminate cur-
6 rent information on the assessment and reduc-
7 tion of lead-based pipe hazards, adverse health
8 effects, sources of exposure, detection and risk
9 assessment methods, environmental hazards
10 abatement, and clean-up standards;

11 (B) maintain a rapid-alert system to in-
12 form certified lead-based pipe activities contrac-
13 tors of significant developments in research re-
14 lated to lead-based paint hazards; and

15 (C) perform any other duty that the Ad-
16 ministration determines necessary to achieve
17 the purposes of this Act.

18 (2) HOTLINE.—Not later than 6 months after
19 the enactment of this subsection, the Administrator,
20 in cooperation with other Federal agencies and with
21 State and local governments, shall establish a single
22 lead-based pipe hazard hotline to provide the public
23 with answers to questions about lead poison in pre-
24 vention and referrals to the Clearinghouse for tech-
25 nical information.

1 **SEC. 205. LEAD HAZARD INFORMATION PAMPHLET.**

2 (a) IN GENERAL.—Not later than 2 years after the
3 enactment of this Act, after notice and opportunity for
4 comment, the Administrator of the Environmental Protec-
5 tion Agency, in consultation with the Secretary of Housing
6 and Urban Development and with the Secretary of Health
7 and Human Services, shall publish, and from time to time
8 revise, a lead hazard information pamphlet. The pamphlet
9 shall—

10 (1) contain information regarding the health
11 risks associated with exposure to lead;

12 (2) provide information on the presence of lead-
13 based pipe hazards in federally assisted, federally
14 owned, and other housing;

15 (3) describe the risks of lead exposure for chil-
16 dren under 6 years of age, pregnant women, women
17 of childbearing age, persons involved in home ren-
18 ovation, and others residing in a dwelling with lead-
19 based pipe hazards;

20 (4) describe the risks of renovation in a dwell-
21 ing with lead-based pipe hazards;

22 (5) provide information on approved methods
23 for evaluating and reducing lead-based pipe hazards
24 and their effectiveness in identifying, reducing,
25 eliminating, or preventing exposure to lead-based
26 pipe hazards;

1 (6) advise persons how to obtain a list of con-
2 tractors certified pursuant to this title in lead-based
3 pipe hazard evaluation and reduction in the area in
4 which the pamphlet is to be used;

5 (7) state that a risk assessment or inspection
6 for lead-based pipe is recommended prior to the pur-
7 chase, lease, or renovation of housing;

8 (8) state that certain State and local laws im-
9 pose additional requirements related to lead-based
10 pipe in housing and provide a listing of Federal,
11 State, and local agencies in each State, including ad-
12 dress and telephone number, that can provide infor-
13 mation about applicable laws and available govern-
14 mental and private assistance and financing; and

15 (9) provide such other information about envi-
16 ronmental hazards associated with residential real
17 property as the Administrator deems appropriate.

18 (b) RENOVATION OF HOUSING.—Within 2 years after
19 the enactment of this section, the Administrator shall pro-
20 mulgate regulations under this subsection to require each
21 person who performs for compensation a renovation of
22 housing to provide a lead hazard information pamphlet to
23 the owner and occupant of such housing prior to com-
24 mencing the renovation.

1 **SEC. 206. REGULATIONS.**

2 The regulations of the Administrator under this title
3 shall include such recordkeeping and reporting require-
4 ments as may be necessary to insure the effective imple-
5 mentation of this title. The regulations may be amended
6 from time to time as necessary.

7 **SEC. 207. CONTROL OF LEAD-BASED PIPE HAZARDS AT**
8 **FEDERAL FACILITIES.**

9 Each department, agency, and instrumentality of ex-
10 ecutive, legislative, and judicial branches of the Federal
11 Government (1) having jurisdiction over any property or
12 facility, or (2) engaged in any activity resulting, or which
13 may result, in a lead-based pipe hazard, and each officer,
14 agent, or employee thereof, shall be subject to, and comply
15 with, all Federal, State, interstate, and local requirements,
16 both substantive and procedural (including any require-
17 ment for certification, licensing, recordkeeping, or report-
18 ing or any provisions for injunctive relief and such sanc-
19 tions as may be imposed by a court to enforce such relief
20 respecting lead-based pipe, lead-based pipe activities, and
21 lead-based pipe hazards in the same manner, and to the
22 same extent as any nongovernmental entity is subject to
23 such requirements, including the payment of reasonable
24 service charges). The Federal, State, interstate, and local
25 substantive and procedural requirements referred to in
26 this subsection include, but are not limited to, all adminis-

1 trative orders and all civil and administrative penalties
2 and fines regardless of whether such penalties or fines are
3 punitive or coercive in nature, or whether imposed for iso-
4 lated, intermittent or continuing violations. The United
5 States hereby expressly waives any immunity otherwise
6 applicable to the United States with respect to any such
7 substantive or procedural requirement (including, but not
8 limited to, any injunctive relief, administrative order, or
9 civil or administrative penalty referred to in the preceding
10 sentence, or reasonable service charge). The reasonable
11 service charges referred to in this section include, but are
12 not limited to, fees or charges assessed for certification
13 and licensing, as well as any other nondiscriminatory
14 charges that are assessed in connection with a Federal,
15 State, interstate, or local lead-based pipe, lead-based pipe
16 activities, or lead-based pipe hazard activities program. No
17 agent, employee, or officer of the United States shall be
18 personally liable for any civil penalty under any Federal,
19 State, interstate, or local law relating to lead-based pipe,
20 lead-based pipe activities, or lead-based pipe hazards with
21 respect to any act or omission within the scope of his offi-
22 cial duties.

1 **SEC. 208. PROHIBITED ACTS.**

2 It shall be unlawful for any person to fail or refuse
3 to comply with a provision of this title or with any rule
4 or order issued under this title.

5 **SEC. 209. RELATIONSHIP TO OTHER FEDERAL LAW.**

6 Nothing in this title shall affect the authority of other
7 appropriate Federal agencies to establish or enforce any
8 requirements which are at least as stringent as those es-
9 tablished pursuant to this title.

10 **SEC. 210. GENERAL PROVISIONS RELATING TO ADMINIS-**
11 **TRATIVE PROCEEDINGS.**

12 (a) **APPLICABILITY.**—This section applies to the pro-
13 mulgation or revision of any regulation issued under this
14 title.

15 (b) **RULEMAKING DOCKET.**—Not later than the date
16 of proposal of an action to which this section applies, the
17 Administrator shall establish a rulemaking docket for such
18 action (in this subsection referred to as a “rule”). When-
19 ever a rule applies only within a particular State, a second
20 (identical) docket shall be established in the appropriate
21 regional office of the Environmental Protection Agency.

22 (c) **INSPECTION AND COPYING.**—

23 (1) **PUBLIC AVAILABILITY.**—The rulemaking
24 docket required under subsection (b) shall be open
25 for inspection by the public at reasonable times spec-
26 ified in the notice of proposed rulemaking. Any per-

1 son may copy documents contained in the docket.
2 The Administrator shall provide copying facilities
3 which may be used at the expense of the person
4 seeking copies, but the Administrator may waive or
5 reduce such expenses in such instances as the public
6 interest requires. Any person may request copies by
7 mail if the person pays the expenses, including per-
8 sonnel costs to do the copying.

9 (2) DOCKET.—

10 (A) COMMENTS AND INFORMATION.—

11 Promptly upon receipt by the agency, all writ-
12 ten comments and documentary information on
13 the proposed rule received from any person for
14 inclusion in the docket during the comment pe-
15 riod shall be placed in the docket. The tran-
16 script of public hearing if any, on the proposed
17 rule shall also be included in the docket
18 promptly upon receipt from the person who
19 transcribed such hearings. All documents which
20 become available after the proposed rule has
21 been published and which the Administrator de-
22 termines are of central relevance to the rule-
23 making shall be placed in the docket as soon as
24 possible after their availability.

1 (B) DRAFTS OF RULES.—The drafts of
2 proposed rules submitted by the Administrator
3 to the Office of Management and Budget for
4 any interagency review process prior to proposal
5 of any such rule, all documents accompanying
6 such drafts, and all written comments thereon
7 by other agencies and all written responses to
8 such written comments by the Administrator
9 shall be placed in the docket no later than the
10 date of proposal of the rule. The drafts of the
11 final rule submitted for such review process
12 prior to promulgation and all such written com-
13 ments thereto all documents accompanying such
14 drafts, and written responses thereto shall be
15 placed in the docket no later than the date of
16 promulgation.

17 (d) EXPLANATION.—

18 (1) MAJOR CHANGES.—The promulgated rule
19 shall be accompanied by an explanation of the rea-
20 sons for any major changes in the promulgated rule
21 from the proposed rule.

22 (2) RESPONSES.—The promulgated rule shall
23 also be accompanied by a response to each of the
24 significant comments, criticisms, and new data sub-

1 mitted in written or oral presentations during the
2 comment period.

3 (3) LIMITATION.—The promulgated rule may
4 not be based (in part or whole) on any information
5 or data which has not been placed in the docket as
6 of the date of such promulgation.

7 (e) EFFECTIVE DATE.—The requirements of this sec-
8 tion shall take effect with respect to any rule the proposal
9 of which occurs after 90 days after the date of the enact-
10 ment of this Act.

11 **TITLE III—AUTHORIZATION OF**
12 **APPROPRIATIONS FOR LEAD**
13 **HAZARD REDUCTION**

14 **SEC. 301. HUD GRANTS FOR LEAD HAZARDS REDUCTION IN**
15 **HOUSING.**

16 There is authorized to be appropriated for grants
17 under section 101 of this Act and section 1011 of the Res-
18 idential Lead-Based Paint Hazard Reduction Act of 1992
19 (42 U.S.C. 4852) \$9,500,000,000 for each of fiscal years
20 2022 through 2031.

21 **SEC. 302. EPA FUNDING FOR LEAD EXPOSURE REDUCTION.**

22 There is authorized to be appropriated such sums as
23 may be necessary for each of fiscal years 2022 through
24 2031 to carry out—

25 (1) title II of this Act;

1 (2) title IV of the Toxic Substances Control Act
2 (15 U.S.C. 2681 et seq.); and

3 (3) such other lead hazard reduction activities
4 as the Administrator of the Environmental Protec-
5 tion Agency is authorized under law to undertake,
6 including activities under the Safe Drinking Water
7 Act (42 U.S.C. 300f et seq.).

8 **TITLE IV—REVENUE** 9 **PROVISIONS**

10 **SEC. 401. PARTNERSHIP INTERESTS TRANSFERRED IN** 11 **CONNECTION WITH PERFORMANCE OF SERV-** 12 **ICES.**

13 (a) MODIFICATION TO ELECTION TO INCLUDE PART-
14 NERSHIP INTEREST IN GROSS INCOME IN YEAR OF
15 TRANSFER.—Subsection (c) of section 83 of the Internal
16 Revenue Code of 1986 is amended by redesignating para-
17 graph (4) as paragraph (5) and by inserting after para-
18 graph (3) the following new paragraph:

19 “(4) PARTNERSHIP INTERESTS.—Except as
20 provided by the Secretary—

21 “(A) IN GENERAL.—In the case of any
22 transfer of an interest in a partnership in con-
23 nection with the provision of services to (or for
24 the benefit of) such partnership—

1 “(i) the fair market value of such in-
2 terest shall be treated for purposes of this
3 section as being equal to the amount of the
4 distribution which the partner would re-
5 ceive if the partnership sold (at the time of
6 the transfer) all of its assets at fair market
7 value and distributed the proceeds of such
8 sale (reduced by the liabilities of the part-
9 nership) to its partners in liquidation of
10 the partnership, and

11 “(ii) the person receiving such interest
12 shall be treated as having made the elec-
13 tion under subsection (b)(1) unless such
14 person makes an election under this para-
15 graph to have such subsection not apply.

16 “(B) ELECTION.—The election under sub-
17 paragraph (A)(ii) shall be made under rules
18 similar to the rules of subsection (b)(2).”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to interests in partnerships trans-
21 ferred after the date of the enactment of this Act.

1 **SEC. 402. SPECIAL RULES FOR PARTNERS PROVIDING IN-**
2 **VESTMENT MANAGEMENT SERVICES TO**
3 **PARTNERSHIPS.**

4 (a) IN GENERAL.—Part I of subchapter K of chapter
5 1 of the Internal Revenue Code of 1986 is amended by
6 adding at the end the following new section:

7 **“SEC. 710. SPECIAL RULES FOR PARTNERS PROVIDING IN-**
8 **VESTMENT MANAGEMENT SERVICES TO**
9 **PARTNERSHIPS.**

10 “(a) TREATMENT OF DISTRIBUTIVE SHARE OF
11 PARTNERSHIP ITEMS.—For purposes of this title, in the
12 case of an investment services partnership interest—

13 “(1) IN GENERAL.—Notwithstanding section
14 702(b)—

15 “(A) an amount equal to the net capital
16 gain with respect to such interest for any part-
17 nership taxable year shall be treated as ordi-
18 nary income, and

19 “(B) subject to the limitation of paragraph
20 (2), an amount equal to the net capital loss
21 with respect to such interest for any partner-
22 ship taxable year shall be treated as an ordi-
23 nary loss.

24 “(2) RECHARACTERIZATION OF LOSSES LIM-
25 ITED TO RECHARACTERIZED GAINS.—The amount
26 treated as ordinary loss under paragraph (1)(B) for

1 any taxable year shall not exceed the excess (if any)
2 of—

3 “(A) the aggregate amount treated as ordi-
4 nary income under paragraph (1)(A) with re-
5 spect to the investment services partnership in-
6 terest for all preceding partnership taxable
7 years to which this section applies, over

8 “(B) the aggregate amount treated as or-
9 dinary loss under paragraph (1)(B) with re-
10 spect to such interest for all preceding partner-
11 ship taxable years to which this section applies.

12 “(3) ALLOCATION TO ITEMS OF GAIN AND
13 LOSS.—

14 “(A) NET CAPITAL GAIN.—The amount
15 treated as ordinary income under paragraph
16 (1)(A) shall be allocated ratably among the
17 items of long-term capital gain taken into ac-
18 count in determining such net capital gain.

19 “(B) NET CAPITAL LOSS.—The amount
20 treated as ordinary loss under paragraph (1)(B)
21 shall be allocated ratably among the items of
22 long-term capital loss and short-term capital
23 loss taken into account in determining such net
24 capital loss.

1 “(4) TERMS RELATING TO CAPITAL GAINS AND
2 LOSSES.—For purposes of this section—

3 “(A) IN GENERAL.—Net capital gain, long-
4 term capital gain, and long-term capital loss,
5 with respect to any investment services partner-
6 ship interest for any taxable year, shall be de-
7 termined under section 1222, except that such
8 section shall be applied—

9 “(i) without regard to the recharacter-
10 ization of any item as ordinary income or
11 ordinary loss under this section,

12 “(ii) by only taking into account items
13 of gain and loss taken into account by the
14 holder of such interest under section 702
15 (other than subsection (a)(9) thereof) with
16 respect to such interest for such taxable
17 year, and

18 “(iii) by treating property which is
19 taken into account in determining gains
20 and losses to which section 1231 applies as
21 capital assets held for more than 1 year.

22 “(B) NET CAPITAL LOSS.—The term ‘net
23 capital loss’ means the excess of the losses from
24 sales or exchanges of capital assets over the
25 gains from such sales or exchanges. Rules simi-

1 lar to the rules of clauses (i) through (iii) of
2 subparagraph (A) shall apply for purposes of
3 the preceding sentence.

4 “(5) SPECIAL RULE FOR DIVIDENDS.—Any div-
5 idend allocated with respect to any investment serv-
6 ices partnership interest shall not be treated as
7 qualified dividend income for purposes of section
8 1(h).

9 “(6) SPECIAL RULE FOR QUALIFIED SMALL
10 BUSINESS STOCK.—Section 1202 shall not apply to
11 any gain from the sale or exchange of qualified small
12 business stock (as defined in section 1202(c)) allo-
13 cated with respect to any investment services part-
14 nership interest.

15 “(b) DISPOSITIONS OF PARTNERSHIP INTERESTS.—

16 “(1) GAIN.—

17 “(A) IN GENERAL.—Any gain on the dis-
18 position of an investment services partnership
19 interest shall be—

20 “(i) treated as ordinary income, and

21 “(ii) recognized notwithstanding any
22 other provision of this subtitle.

23 “(B) GIFT AND TRANSFERS AT DEATH.—

24 In the case of a disposition of an investment

1 services partnership interest by gift or by rea-
2 son of death of the taxpayer—

3 “(i) subparagraph (A) shall not apply,

4 “(ii) such interest shall be treated as
5 an investment services partnership interest
6 in the hands of the person acquiring such
7 interest, and

8 “(iii) any amount that would have
9 been treated as ordinary income under this
10 subsection had the decedent sold such in-
11 terest immediately before death shall be
12 treated as an item of income in respect of
13 a decedent under section 691.

14 “(2) LOSS.—Any loss on the disposition of an
15 investment services partnership interest shall be
16 treated as an ordinary loss to the extent of the ex-
17 cess (if any) of—

18 “(A) the aggregate amount treated as ordi-
19 nary income under subsection (a) with respect
20 to such interest for all partnership taxable
21 years to which this section applies, over

22 “(B) the aggregate amount treated as ordi-
23 nary loss under subsection (a) with respect to
24 such interest for all partnership taxable years
25 to which this section applies.

1 “(3) ELECTION WITH RESPECT TO CERTAIN EX-
2 CHANGES.—Paragraph (1)(A)(ii) shall not apply to
3 the contribution of an investment services partner-
4 ship interest to a partnership in exchange for an in-
5 terest in such partnership if—

6 “(A) the taxpayer makes an irrevocable
7 election to treat the partnership interest re-
8 ceived in the exchange as an investment serv-
9 ices partnership interest, and

10 “(B) the taxpayer agrees to comply with
11 such reporting and recordkeeping requirements
12 as the Secretary may prescribe.

13 “(4) DISTRIBUTIONS OF PARTNERSHIP PROP-
14 ERTY.—

15 “(A) IN GENERAL.—In the case of any dis-
16 tribution of property by a partnership with re-
17 spect to any investment services partnership in-
18 terest held by a partner, the partner receiving
19 such property shall recognize gain equal to the
20 excess (if any) of—

21 “(i) the fair market value of such
22 property at the time of such distribution,
23 over

24 “(ii) the adjusted basis of such prop-
25 erty in the hands of such partner (deter-

1 mined without regard to subparagraph
2 (C)).

3 “(B) TREATMENT OF GAIN AS ORDINARY
4 INCOME.—Any gain recognized by such partner
5 under subparagraph (A) shall be treated as or-
6 dinary income to the same extent and in the
7 same manner as the increase in such partner’s
8 distributive share of the taxable income of the
9 partnership would be treated under subsection
10 (a) if, immediately prior to the distribution, the
11 partnership had sold the distributed property at
12 fair market value and all of the gain from such
13 disposition were allocated to such partner. For
14 purposes of applying subsection (a)(2), any gain
15 treated as ordinary income under this subpara-
16 graph shall be treated as an amount treated as
17 ordinary income under subsection (a)(1)(A).

18 “(C) ADJUSTMENT OF BASIS.—In the case
19 a distribution to which subparagraph (A) ap-
20 plies, the basis of the distributed property in
21 the hands of the distributee partner shall be the
22 fair market value of such property.

23 “(D) SPECIAL RULES WITH RESPECT TO
24 MERGERS, DIVISIONS, AND TECHNICAL TERMI-
25 NATIONS.—In the case of a taxpayer which sat-

1 isfies requirements similar to the requirements
2 of subparagraphs (A) and (B) of paragraph (3),
3 this paragraph and paragraph (1)(A)(ii) shall
4 not apply to the distribution of a partnership
5 interest if such distribution is in connection
6 with a contribution (or deemed contribution) of
7 any property of the partnership to which sec-
8 tion 721 applies pursuant to a transaction de-
9 scribed in paragraph (1)(B) or (2) of section
10 708(b).

11 “(c) INVESTMENT SERVICES PARTNERSHIP INTER-
12 EST.—For purposes of this section—

13 “(1) IN GENERAL.—The term ‘investment serv-
14 ices partnership interest’ means any interest in an
15 investment partnership acquired or held by any per-
16 son in connection with the conduct of a trade or
17 business described in paragraph (2) by such person
18 (or any person related to such person). An interest
19 in an investment partnership held by any person—

20 “(A) shall not be treated as an investment
21 services partnership interest for any period be-
22 fore the first date on which it is so held in con-
23 nection with such a trade or business,

24 “(B) shall not cease to be an investment
25 services partnership interest merely because

1 such person holds such interest other than in
2 connection with such a trade or business, and

3 “(C) shall be treated as an investment
4 services partnership interest if acquired from a
5 related person in whose hands such interest was
6 an investment services partnership interest.

7 “(2) BUSINESSES TO WHICH THIS SECTION AP-
8 PLIES.—A trade or business is described in this
9 paragraph if such trade or business primarily in-
10 volves the performance of any of the following serv-
11 ices with respect to assets held (directly or indi-
12 rectly) by one or more investment partnerships re-
13 ferred to in paragraph (1):

14 “(A) Advising as to the advisability of in-
15 vesting in, purchasing, or selling any specified
16 asset.

17 “(B) Managing, acquiring, or disposing of
18 any specified asset.

19 “(C) Arranging financing with respect to
20 acquiring specified assets.

21 “(D) Any activity in support of any service
22 described in subparagraphs (A) through (C).

23 “(3) INVESTMENT PARTNERSHIP.—

24 “(A) IN GENERAL.—The term ‘investment
25 partnership’ means any partnership if, at the

1 end of any two consecutive calendar quarters
2 ending after the date of enactment of this sec-
3 tion—

4 “(i) substantially all of the assets of
5 the partnership are specified assets (deter-
6 mined without regard to any section 197
7 intangible within the meaning of section
8 197(d)), and

9 “(ii) less than 75 percent of the cap-
10 ital of the partnership is attributable to
11 qualified capital interests which constitute
12 property held in connection with a trade or
13 business of the owner of such interest.

14 “(B) LOOK-THROUGH OF CERTAIN WHOL-
15 LY OWNED ENTITIES FOR PURPOSES OF DETER-
16 MINING ASSETS OF THE PARTNERSHIP.—

17 “(i) IN GENERAL.—For purposes of
18 determining the assets of a partnership
19 under subparagraph (A)(i)—

20 “(I) any interest in a specified
21 entity shall not be treated as an asset
22 of such partnership, and

23 “(II) such partnership shall be
24 treated as holding its proportionate

1 share of each of the assets of such
2 specified entity.

3 “(ii) SPECIFIED ENTITY.—For pur-
4 poses of clause (i), the term ‘specified enti-
5 ty’ means, with respect to any partnership
6 (hereafter referred to as the upper-tier
7 partnership), any person which engages in
8 the same trade or business as the upper-
9 tier partnership and is—

10 “(I) a partnership all of the cap-
11 ital and profits interests of which are
12 held directly or indirectly by the
13 upper-tier partnership, or

14 “(II) a foreign corporation which
15 does not engage in a trade or business
16 in the United States and all of the
17 stock of which is held directly or indi-
18 rectly by the upper-tier partnership.

19 “(C) SPECIAL RULES FOR DETERMINING
20 IF PROPERTY HELD IN CONNECTION WITH
21 TRADE OR BUSINESS.—

22 “(i) IN GENERAL.—Except as other-
23 wise provided by the Secretary, solely for
24 purposes of determining whether any inter-
25 est in a partnership constitutes property

1 held in connection with a trade or business
2 under subparagraph (A)(ii)—

3 “(I) a trade or business of any
4 person closely related to the owner of
5 such interest shall be treated as a
6 trade or business of such owner,

7 “(II) such interest shall be treat-
8 ed as held by a person in connection
9 with a trade or business during any
10 taxable year if such interest was so
11 held by such person during any 3 tax-
12 able years preceding such taxable
13 year, and

14 “(III) paragraph (5)(B) shall not
15 apply.

16 “(ii) CLOSELY RELATED PERSONS.—
17 For purposes of clause (i)(I), a person
18 shall be treated as closely related to an-
19 other person if, taking into account the
20 rules of section 267(c), the relationship be-
21 tween such persons is described in—

22 “(I) paragraph (1) or (9) of sec-
23 tion 267(b), or

24 “(II) section 267(b)(4), but solely
25 in the case of a trust with respect to

1 which each current beneficiary is the
2 grantor or a person whose relationship
3 to the grantor is described in para-
4 graph (1) or (9) of section 267(b).

5 “(D) ANTIABUSE RULES.—The Secretary
6 may issue regulations or other guidance which
7 prevent the avoidance of the purposes of sub-
8 paragraph (A), including regulations or other
9 guidance which treat convertible and contingent
10 debt (and other debt having the attributes of
11 equity) as a capital interest in the partnership.

12 “(E) CONTROLLED GROUPS OF ENTI-
13 TIES.—

14 “(i) IN GENERAL.—In the case of a
15 controlled group of entities, if an interest
16 in the partnership received in exchange for
17 a contribution to the capital of the part-
18 nership by any member of such controlled
19 group would (in the hands of such mem-
20 ber) constitute property held in connection
21 with a trade or business, then any interest
22 in such partnership held by any member of
23 such group shall be treated for purposes of
24 subparagraph (A) as constituting (in the

1 hands of such member) property held in
2 connection with a trade or business.

3 “(ii) CONTROLLED GROUP OF ENTI-
4 TIES.—For purposes of clause (i), the term
5 ‘controlled group of entities’ means a con-
6 trolled group of corporations as defined in
7 section 1563(a)(1), applied without regard
8 to subsections (a)(4) and (b)(2) of section
9 1563. A partnership or any other entity
10 (other than a corporation) shall be treated
11 as a member of a controlled group of enti-
12 ties if such entity is controlled (within the
13 meaning of section 954(d)(3)) by members
14 of such group (including any entity treated
15 as a member of such group by reason of
16 this sentence).

17 “(F) SPECIAL RULE FOR CORPORA-
18 TIONS.—For purposes of this paragraph, in the
19 case of a corporation, the determination of
20 whether property is held in connection with a
21 trade or business shall be determined as if the
22 taxpayer were an individual.

23 “(4) SPECIFIED ASSET.—The term ‘specified
24 asset’ means securities (as defined in section
25 475(c)(2) without regard to the last sentence there-

1 of), real estate held for rental or investment, inter-
2 ests in partnerships, commodities (as defined in sec-
3 tion 475(e)(2)), cash or cash equivalents, or options
4 or derivative contracts with respect to any of the
5 foregoing.

6 “(5) RELATED PERSONS.—

7 “(A) IN GENERAL.—A person shall be
8 treated as related to another person if the rela-
9 tionship between such persons is described in
10 section 267(b) or 707(b).

11 “(B) CONTRIBUTION OF PARTNER SERV-
12 ICES.—Any service described in paragraph (2)
13 which is provided by a partner of a partnership
14 shall be treated as also provided by such part-
15 nership.

16 “(d) EXCEPTION FOR CERTAIN CAPITAL INTER-
17 ESTS.—

18 “(1) IN GENERAL.—In the case of any portion
19 of an investment services partnership interest which
20 is a qualified capital interest, all items of gain and
21 loss (and any dividends) which are allocated to such
22 qualified capital interest shall not be taken into ac-
23 count under subsection (a) if—

24 “(A) allocations of items are made by the
25 partnership to such qualified capital interest in

1 the same manner as such allocations are made
2 to other qualified capital interests held by part-
3 ners who do not provide any services described
4 in subsection (c)(2) and who are not related to
5 the partner holding the qualified capital inter-
6 est, and

7 “(B) the allocations made to such other in-
8 terests are significant compared to the alloca-
9 tions made to such qualified capital interest.

10 “(2) AUTHORITY TO PROVIDE EXCEPTIONS TO
11 ALLOCATION REQUIREMENTS.—To the extent pro-
12 vided by the Secretary in regulations or other guid-
13 ance—

14 “(A) ALLOCATIONS TO PORTION OF QUALI-
15 FIED CAPITAL INTEREST.—Paragraph (1) may
16 be applied separately with respect to a portion
17 of a qualified capital interest.

18 “(B) NO OR INSIGNIFICANT ALLOCATIONS
19 TO NONSERVICE PROVIDERS.—In any case in
20 which the requirements of paragraph (1)(B) are
21 not satisfied, items of gain and loss (and any
22 dividends) shall not be taken into account under
23 subsection (a) to the extent that such items are
24 properly allocable under such regulations or
25 other guidance to qualified capital interests.

1 “(C) ALLOCATIONS TO SERVICE PRO-
2 VIDERS’ QUALIFIED CAPITAL INTERESTS WHICH
3 ARE LESS THAN OTHER ALLOCATIONS.—Alloca-
4 tions shall not be treated as failing to meet the
5 requirement of paragraph (1)(A) merely be-
6 cause the allocations to the qualified capital in-
7 terest represent a lower return than the alloca-
8 tions made to the other qualified capital inter-
9 ests referred to in such paragraph.

10 “(3) SPECIAL RULE FOR CHANGES IN SERVICES
11 AND CAPITAL CONTRIBUTIONS.—In the case of an
12 interest in a partnership which was not an invest-
13 ment services partnership interest and which, by
14 reason of a change in the services with respect to as-
15 sets held (directly or indirectly) by the partnership
16 or by reason of a change in the capital contributions
17 to such partnership, becomes an investment services
18 partnership interest, the qualified capital interest of
19 the holder of such partnership interest immediately
20 after such change shall not, for purposes of this sub-
21 section, be less than the fair market value of such
22 interest (determined immediately before such
23 change).

24 “(4) SPECIAL RULE FOR TIERED PARTNER-
25 SHIPS.—Except as otherwise provided by the Sec-

1 retary, in the case of tiered partnerships, all items
2 which are allocated in a manner which meets the re-
3 quirements of paragraph (1) to qualified capital in-
4 terests in a lower-tier partnership shall retain such
5 character to the extent allocated on the basis of
6 qualified capital interests in any upper-tier partner-
7 ship.

8 “(5) EXCEPTION FOR NO-SELF-CHARGED
9 CARRY AND MANAGEMENT FEE PROVISIONS.—Ex-
10 cept as otherwise provided by the Secretary, an in-
11 terest shall not fail to be treated as satisfying the
12 requirement of paragraph (1)(A) merely because the
13 allocations made by the partnership to such interest
14 do not reflect the cost of services described in sub-
15 section (c)(2) which are provided (directly or indi-
16 rectly) to the partnership by the holder of such in-
17 terest (or a related person).

18 “(6) SPECIAL RULE FOR DISPOSITIONS.—In the
19 case of any investment services partnership interest
20 any portion of which is a qualified capital interest,
21 subsection (b) shall not apply to so much of any
22 gain or loss as bears the same proportion to the en-
23 tire amount of such gain or loss as—

24 “(A) the distributive share of gain or loss
25 that would have been allocated to the qualified

1 capital interest (consistent with the require-
2 ments of paragraph (1)) if the partnership had
3 sold all of its assets at fair market value imme-
4 diately before the disposition, bears to

5 “(B) the distributive share of gain or loss
6 that would have been so allocated to the invest-
7 ment services partnership interest of which such
8 qualified capital interest is a part.

9 “(7) QUALIFIED CAPITAL INTEREST.—For pur-
10 poses of this section—

11 “(A) IN GENERAL.—The term ‘qualified
12 capital interest’ means so much of a partner’s
13 interest in the capital of the partnership as is
14 attributable to—

15 “(i) the fair market value of any
16 money or other property contributed to the
17 partnership in exchange for such interest
18 (determined without regard to section
19 752(a)),

20 “(ii) any amounts which have been in-
21 cluded in gross income under section 83
22 with respect to the transfer of such inter-
23 est, and

24 “(iii) the excess (if any) of—

1 “(I) any items of income and
2 gain taken into account under section
3 702 with respect to such interest, over

4 “(II) any items of deduction and
5 loss so taken into account.

6 “(B) ADJUSTMENT TO QUALIFIED CAPITAL
7 INTEREST.—

8 “(i) DISTRIBUTIONS AND LOSSES.—

9 The qualified capital interest shall be re-
10 duced by distributions from the partner-
11 ship with respect to such interest and by
12 the excess (if any) of the amount described
13 in subparagraph (A)(iii)(II) over the
14 amount described in subparagraph
15 (A)(iii)(I).

16 “(ii) SPECIAL RULE FOR CONTRIBU-
17 TIONS OF PROPERTY.—In the case of any
18 contribution of property described in sub-
19 paragraph (A)(i) with respect to which the
20 fair market value of such property is not
21 equal to the adjusted basis of such prop-
22 erty immediately before such contribution,
23 proper adjustments shall be made to the
24 qualified capital interest to take into ac-
25 count such difference consistent with such

1 regulations or other guidance as the Sec-
2 retary may provide.

3 “(C) TECHNICAL TERMINATIONS, ETC.,
4 DISREGARDED.—No increase or decrease in the
5 qualified capital interest of any partner shall re-
6 sult from a termination, merger, consolidation,
7 or division described in section 708, or any
8 similar transaction.

9 “(8) TREATMENT OF CERTAIN LOANS.—

10 “(A) PROCEEDS OF PARTNERSHIP LOANS
11 NOT TREATED AS QUALIFIED CAPITAL INTER-
12 EST OF SERVICE PROVIDING PARTNERS.—For
13 purposes of this subsection, an investment serv-
14 ices partnership interest shall not be treated as
15 a qualified capital interest to the extent that
16 such interest is acquired in connection with the
17 proceeds of any loan or other advance made or
18 guaranteed, directly or indirectly, by any other
19 partner or the partnership (or any person re-
20 lated to any such other partner or the partner-
21 ship). The preceding sentence shall not apply to
22 the extent the loan or other advance is repaid
23 before the date of the enactment of this section
24 unless such repayment is made with the pro-

1 ceeds of a loan or other advance described in
2 the preceding sentence.

3 “(B) REDUCTION IN ALLOCATIONS TO
4 QUALIFIED CAPITAL INTERESTS FOR LOANS
5 FROM NONSERVICE-PROVIDING PARTNERS TO
6 THE PARTNERSHIP.—For purposes of this sub-
7 section, any loan or other advance to the part-
8 nership made or guaranteed, directly or indi-
9 rectly, by a partner not providing services de-
10 scribed in subsection (c)(2) to the partnership
11 (or any person related to such partner) shall be
12 taken into account in determining the qualified
13 capital interests of the partners in the partner-
14 ship.

15 “(9) SPECIAL RULE FOR QUALIFIED FAMILY
16 PARTNERSHIPS.—

17 “(A) IN GENERAL.—In the case of any
18 specified family partnership interest, paragraph
19 (1)(A) shall be applied without regard to the
20 phrase ‘and who are not related to the partner
21 holding the qualified capital interest’.

22 “(B) SPECIFIED FAMILY PARTNERSHIP IN-
23 TEREST.—For purposes of this paragraph, the
24 term ‘specified family partnership interest’

1 means any investment services partnership in-
2 terest if—

3 “(i) such interest is an interest in a
4 qualified family partnership,

5 “(ii) such interest is held by a natural
6 person or by a trust with respect to which
7 each beneficiary is a grantor or a person
8 whose relationship to the grantor is de-
9 scribed in section 267(b)(1), and

10 “(iii) all other interests in such quali-
11 fied family partnership with respect to
12 which significant allocations are made
13 (within the meaning of paragraph (1)(B)
14 and in comparison to the allocations made
15 to the interest described in clause (ii)) are
16 held by persons who—

17 “(I) are related to the natural
18 person or trust referred to in clause
19 (ii), or

20 “(II) provide services described
21 in subsection (c)(2).

22 “(C) QUALIFIED FAMILY PARTNERSHIP.—
23 For purposes of this paragraph, the term
24 ‘qualified family partnership’ means any part-
25 nership if—

1 “(i) all of the capital and profits in-
2 terests of such partnership are held by—

3 “(I) specified family members,

4 “(II) any person closely related
5 (within the meaning of subsection
6 (c)(3)(C)(ii)) to a specified family
7 member, or

8 “(III) any other person (not de-
9 scribed in subclause (I) or (II)) if
10 such interest is an investment services
11 partnership interest with respect to
12 such person, and

13 “(ii) such partnership does not hold
14 itself out to the public as an investment
15 advisor.

16 “(D) SPECIFIED FAMILY MEMBERS.—For
17 purposes of subparagraph (C), individuals shall
18 be treated as specified family members if such
19 individuals would be treated as one person
20 under the rules of section 1361(c)(1) if the ap-
21 plicable date (within the meaning of subpara-
22 graph (B)(iii) thereof) were the latest of—

23 “(i) the date of the establishment of
24 the partnership,

1 “(ii) the earliest date that the com-
2 mon ancestor holds a capital or profits in-
3 terest in the partnership, or

4 “(iii) the date of the enactment of this
5 section.

6 “(e) OTHER INCOME AND GAIN IN CONNECTION
7 WITH INVESTMENT MANAGEMENT SERVICES.—

8 “(1) IN GENERAL.—If—

9 “(A) a person performs (directly or indi-
10 rectly) investment management services for any
11 investment entity,

12 “(B) such person holds (directly or indi-
13 rectly) a disqualified interest with respect to
14 such entity, and

15 “(C) the value of such interest (or pay-
16 ments thereunder) is substantially related to
17 the amount of income or gain (whether or not
18 realized) from the assets with respect to which
19 the investment management services are per-
20 formed,

21 any income or gain with respect to such interest
22 shall be treated as ordinary income. Rules similar to
23 the rules of subsections (a)(5) and (d) shall apply
24 for purposes of this subsection.

1 “(2) DEFINITIONS.—For purposes of this sub-
2 section—

3 “(A) DISQUALIFIED INTEREST.—

4 “(i) IN GENERAL.—The term ‘dis-
5 qualified interest’ means, with respect to
6 any investment entity—

7 “(I) any interest in such entity
8 other than indebtedness,

9 “(II) convertible or contingent
10 debt of such entity,

11 “(III) any option or other right
12 to acquire property described in sub-
13 clause (I) or (II), and

14 “(IV) any derivative instrument
15 entered into (directly or indirectly)
16 with such entity or any investor in
17 such entity.

18 “(ii) EXCEPTIONS.—Such term shall
19 not include—

20 “(I) a partnership interest,

21 “(II) except as provided by the
22 Secretary, any interest in a taxable
23 corporation, and

24 “(III) except as provided by the
25 Secretary, stock in an S corporation.

1 “(B) TAXABLE CORPORATION.—The term
2 ‘taxable corporation’ means—

3 “(i) a domestic C corporation, or

4 “(ii) a foreign corporation substan-
5 tially all of the income of which is—

6 “(I) effectively connected with
7 the conduct of a trade or business in
8 the United States, or

9 “(II) subject to a comprehensive
10 foreign income tax (as defined in sec-
11 tion 457A(d)(2)).

12 “(C) INVESTMENT MANAGEMENT SERV-
13 ICES.—The term ‘investment management serv-
14 ices’ means a substantial quantity of any of the
15 services described in subsection (c)(2).

16 “(D) INVESTMENT ENTITY.—The term ‘in-
17 vestment entity’ means any entity which, if it
18 were a partnership, would be an investment
19 partnership.

20 “(f) EXCEPTION FOR DOMESTIC C CORPORATIONS.—
21 Except as otherwise provided by the Secretary, in the case
22 of a domestic C corporation—

23 “(1) subsections (a) and (b) shall not apply to
24 any item allocated to such corporation with respect
25 to any investment services partnership interest (or

1 to any gain or loss with respect to the disposition of
2 such an interest), and

3 “(2) subsection (e) shall not apply.

4 “(g) REGULATIONS.—The Secretary shall prescribe
5 such regulations or other guidance as is necessary or ap-
6 propriate to carry out the purposes of this section, includ-
7 ing regulations or other guidance to—

8 “(1) require such reporting and recordkeeping
9 by any person in such manner and at such time as
10 the Secretary may prescribe for purposes of enabling
11 the partnership to meet the requirements of section
12 6031 with respect to any item described in section
13 702(a)(9),

14 “(2) provide modifications to the application of
15 this section (including treating related persons as
16 not related to one another) to the extent such modi-
17 fication is consistent with the purposes of this sec-
18 tion,

19 “(3) prevent the avoidance of the purposes of
20 this section (including through the use of qualified
21 family partnerships), and

22 “(4) coordinate this section with the other pro-
23 visions of this title.

1 “(h) CROSS REFERENCE.—For 40-percent penalty
2 on certain underpayments due to the avoidance of this sec-
3 tion, see section 6662.”.

4 (b) APPLICATION OF SECTION 751 TO INDIRECT DIS-
5 POSITIONS OF INVESTMENT SERVICES PARTNERSHIP IN-
6 TERESTS.—

7 (1) IN GENERAL.—Subsection (a) of section
8 751 is amended by striking “or” at the end of para-
9 graph (1), by inserting “or” at the end of paragraph
10 (2), and by inserting after paragraph (2) the fol-
11 lowing new paragraph:

12 “(3) investment services partnership interests
13 held by the partnership,”.

14 (2) CERTAIN DISTRIBUTIONS TREATED AS
15 SALES OR EXCHANGES.—Subparagraph (A) of sec-
16 tion 751(b)(1) is amended by striking “or” at the
17 end of clause (i), by inserting “or” at the end of
18 clause (ii), and by inserting after clause (ii) the fol-
19 lowing new clause:

20 “(iii) investment services partnership
21 interests held by the partnership,”.

22 (3) APPLICATION OF SPECIAL RULES IN THE
23 CASE OF TIERED PARTNERSHIPS.—Subsection (f) of
24 section 751 is amended—

1 (A) by striking “or” at the end of para-
2 graph (1), by inserting “or” at the end of para-
3 graph (2), and by inserting after paragraph (2)
4 the following new paragraph:

5 “(3) an investment services partnership interest
6 held by the partnership,”, and

7 (B) by striking “partner.” and inserting
8 “partner (other than a partnership in which it
9 holds an investment services partnership inter-
10 est).”.

11 (4) INVESTMENT SERVICES PARTNERSHIP IN-
12 TERESTS; QUALIFIED CAPITAL INTERESTS.—Section
13 751 is amended by adding at the end the following
14 new subsection:

15 “(g) INVESTMENT SERVICES PARTNERSHIP INTER-
16 ESTS.—For purposes of this section—

17 “(1) IN GENERAL.—The term ‘investment serv-
18 ices partnership interest’ has the meaning given
19 such term by section 710(c).

20 “(2) ADJUSTMENTS FOR QUALIFIED CAPITAL
21 INTERESTS.—The amount to which subsection (a)
22 applies by reason of paragraph (3) thereof shall not
23 include so much of such amount as is attributable
24 to any portion of the investment services partnership
25 interest which is a qualified capital interest (deter-

1 mined under rules similar to the rules of section
2 710(d)).

3 “(3) EXCEPTION FOR PUBLICLY TRADED PART-
4 NERSHIPS.—Except as otherwise provided by the
5 Secretary, in the case of an exchange of an interest
6 in a publicly traded partnership (as defined in sec-
7 tion 7704) to which subsection (a) applies—

8 “(A) this section shall be applied without
9 regard to subsections (a)(3), (b)(1)(A)(iii), and
10 (f)(3), and

11 “(B) such partnership shall be treated as
12 owning its proportionate share of the property
13 of any other partnership in which it is a part-
14 ner.

15 “(4) RECOGNITION OF GAINS.—Any gain with
16 respect to which subsection (a) applies by reason of
17 paragraph (3) thereof shall be recognized notwith-
18 standing any other provision of this title.

19 “(5) COORDINATION WITH INVENTORY
20 ITEMS.—An investment services partnership interest
21 held by the partnership shall not be treated as an
22 inventory item of the partnership.

23 “(6) PREVENTION OF DOUBLE COUNTING.—
24 Under regulations or other guidance prescribed by

1 the Secretary, subsection (a)(3) shall not apply with
 2 respect to any amount to which section 710 applies.

3 “(7) VALUATION METHODS.—The Secretary
 4 shall prescribe regulations or other guidance which
 5 provide the acceptable methods for valuing invest-
 6 ment services partnership interests for purposes of
 7 this section.”.

8 (c) TREATMENT FOR PURPOSES OF SECTION
 9 7704.—Subsection (d) of section 7704 of such Code is
 10 amended by adding at the end the following new para-
 11 graph:

12 “(6) INCOME FROM CERTAIN CARRIED INTER-
 13 ESTS NOT QUALIFIED.—

14 “(A) IN GENERAL.—Specified carried in-
 15 terest income shall not be treated as qualifying
 16 income.

17 “(B) SPECIFIED CARRIED INTEREST IN-
 18 COME.—For purposes of this paragraph—

19 “(i) IN GENERAL.—The term ‘speci-
 20 fied carried interest income’ means—

21 “(I) any item of income or gain
 22 allocated to an investment services
 23 partnership interest (as defined in
 24 section 710(c)) held by the partner-
 25 ship,

1 “(II) any gain on the disposition
2 of an investment services partnership
3 interest (as so defined) or a partner-
4 ship interest to which (in the hands of
5 the partnership) section 751 applies,
6 and

7 “(III) any income or gain taken
8 into account by the partnership under
9 subsection (b)(4) or (e) of section
10 710.

11 “(ii) EXCEPTION FOR QUALIFIED CAP-
12 ITAL INTERESTS.—A rule similar to the
13 rule of section 710(d) shall apply for pur-
14 poses of clause (i).

15 “(C) COORDINATION WITH OTHER PROVI-
16 SIONS.—Subparagraph (A) shall not apply to
17 any item described in paragraph (1)(E) (or so
18 much of paragraph (1)(F) as relates to para-
19 graph (1)(E)).

20 “(D) SPECIAL RULES FOR CERTAIN PART-
21 NERSHIPS.—

22 “(i) CERTAIN PARTNERSHIPS OWNED
23 BY REAL ESTATE INVESTMENT TRUSTS.—
24 Subparagraph (A) shall not apply in the

1 case of a partnership which meets each of
2 the following requirements:

3 “(I) Such partnership is treated
4 as publicly traded under this section
5 solely by reason of interests in such
6 partnership being convertible into in-
7 terests in a real estate investment
8 trust which is publicly traded.

9 “(II) Fifty percent or more of
10 the capital and profits interests of
11 such partnership are owned, directly
12 or indirectly, at all times during the
13 taxable year by such real estate in-
14 vestment trust (determined with the
15 application of section 267(c)).

16 “(III) Such partnership meets
17 the requirements of paragraphs (2),
18 (3), and (4) of section 856(c).

19 “(ii) CERTAIN PARTNERSHIPS OWN-
20 ING OTHER PUBLICLY TRADED PARTNER-
21 SHIPS.—Subparagraph (A) shall not apply
22 in the case of a partnership which meets
23 each of the following requirements:

24 “(I) Substantially all of the as-
25 sets of such partnership consist of in-

1 terests in one or more publicly traded
2 partnerships (determined without re-
3 gard to subsection (b)(2)).

4 “(II) Substantially all of the in-
5 come of such partnership is ordinary
6 income or section 1231 gain (as de-
7 fined in section 1231(a)(3)).

8 “(E) TRANSITIONAL RULE.—Subpara-
9 graph (A) shall not apply to any taxable year
10 of the partnership beginning before the date
11 which is 10 years after the date of the enact-
12 ment of this paragraph.”.

13 (d) IMPOSITION OF PENALTY ON UNDERPAY-
14 MENTS.—

15 (1) IN GENERAL.—Subsection (b) of section
16 6662 of such Code is amended by inserting after
17 paragraph (7) the following new paragraph:

18 “(8) The application of section 710(e) or the
19 regulations or other guidance prescribed under sec-
20 tion 710(g) to prevent the avoidance of the purposes
21 of section 710.”.

22 (2) AMOUNT OF PENALTY.—

23 (A) IN GENERAL.—Section 6662 of such
24 Code is amended by adding at the end the fol-
25 lowing new subsection:

1 “(k) INCREASE IN PENALTY IN CASE OF PROPERTY
2 TRANSFERRED FOR INVESTMENT MANAGEMENT SERV-
3 ICES.—In the case of any portion of an underpayment to
4 which this section applies by reason of subsection (b)(8),
5 subsection (a) shall be applied with respect to such portion
6 by substituting ‘40 percent’ for ‘20 percent’.”.

7 (B) CONFORMING AMENDMENT.—Subpara-
8 graph (B) of section 6662A(e)(2) of such Code
9 is amended by striking “or (i)” and inserting “,
10 (i), or (k)”.

11 (3) SPECIAL RULES FOR APPLICATION OF REA-
12 SONABLE CAUSE EXCEPTION.—Subsection (c) of sec-
13 tion 6664 is amended—

14 (A) by redesignating paragraphs (3) and
15 (4) as paragraphs (4) and (5), respectively;

16 (B) by striking “paragraph (3)” in para-
17 graph (5)(A), as so redesignated, and inserting
18 “paragraph (4)”; and

19 (C) by inserting after paragraph (2) the
20 following new paragraph:

21 “(3) SPECIAL RULE FOR UNDERPAYMENTS AT-
22 TRIBUTABLE TO INVESTMENT MANAGEMENT SERV-
23 ICES.—

24 “(A) IN GENERAL.—Paragraph (1) shall
25 not apply to any portion of an underpayment to

1 which section 6662 applies by reason of sub-
2 section (b)(8) unless—

3 “(i) the relevant facts affecting the
4 tax treatment of the item are adequately
5 disclosed,

6 “(ii) there is or was substantial au-
7 thority for such treatment, and

8 “(iii) the taxpayer reasonably believed
9 that such treatment was more likely than
10 not the proper treatment.

11 “(B) RULES RELATING TO REASONABLE
12 BELIEF.—Rules similar to the rules of sub-
13 section (d)(3) shall apply for purposes of sub-
14 paragraph (A)(iii).”.

15 (e) INCOME AND LOSS FROM INVESTMENT SERVICES
16 PARTNERSHIP INTERESTS TAKEN INTO ACCOUNT IN DE-
17 TERMINING NET EARNINGS FROM SELF-EMPLOYMENT.—

18 (1) INTERNAL REVENUE CODE.—

19 (A) IN GENERAL.—Section 1402(a) of
20 such Code is amended by striking “and” at the
21 end of paragraph (16), by striking the period at
22 the end of paragraph (17) and inserting “;
23 and”, and by inserting after paragraph (17) the
24 following new paragraph:

1 “(18) notwithstanding the preceding provisions
2 of this subsection, in the case of any individual en-
3 gaged in the trade or business of providing services
4 described in section 710(c)(2) with respect to any
5 entity, investment services partnership income or
6 loss (as defined in subsection (m)) of such individual
7 with respect to such entity shall be taken into ac-
8 count in determining the net earnings from self-em-
9 ployment of such individual.”.

10 (B) INVESTMENT SERVICES PARTNERSHIP
11 INCOME OR LOSS.—Section 1402 of such Code
12 is amended by adding at the end the following
13 new subsection:

14 “(m) INVESTMENT SERVICES PARTNERSHIP INCOME
15 OR LOSS.—For purposes of subsection (a)—

16 “(1) IN GENERAL.—The term ‘investment serv-
17 ices partnership income or loss’ means, with respect
18 to any investment services partnership interest (as
19 defined in section 710(c)) or disqualified interest (as
20 defined in section 710(e)), the net of—

21 “(A) the amounts treated as ordinary in-
22 come or ordinary loss under subsections (b) and
23 (e) of section 710 with respect to such interest,

24 “(B) all items of income, gain, loss, and
25 deduction allocated to such interest, and

1 “(C) the amounts treated as realized from
2 the sale or exchange of property other than a
3 capital asset under section 751 with respect to
4 such interest.

5 “(2) EXCEPTION FOR QUALIFIED CAPITAL IN-
6 TERESTS.—A rule similar to the rule of section
7 710(d) shall apply for purposes of applying para-
8 graph (1)(B).”.

9 (2) SOCIAL SECURITY ACT.—Section 211(a) of
10 the Social Security Act is amended by striking
11 “and” at the end of paragraph (15), by striking the
12 period at the end of paragraph (16) and inserting “;
13 and”, and by inserting after paragraph (16) the fol-
14 lowing new paragraph:

15 “(17) Notwithstanding the preceding provisions
16 of this subsection, in the case of any individual en-
17 gaged in the trade or business of providing services
18 described in section 710(c)(2) of the Internal Rev-
19 enue Code of 1986 with respect to any entity, invest-
20 ment services partnership income or loss (as defined
21 in section 1402(m) of such Code) shall be taken into
22 account in determining the net earnings from self-
23 employment of such individual.”.

24 (f) SEPARATE ACCOUNTING BY PARTNER.—Section
25 702(a) of the Internal Revenue Code of 1986 is amended

1 by striking “and” at the end of paragraph (7), by striking
2 the period at the end of paragraph (8) and inserting “,
3 and”, and by inserting after paragraph (8) the following:

4 “(9) any amount treated as ordinary income or
5 loss under subsection (a), (b), or (e) of section
6 710.”.

7 (g) CONFORMING AMENDMENTS.—

8 (1) Subsection (d) of section 731 of such Code
9 is amended by inserting “section 710(b)(4) (relating
10 to distributions of partnership property),” after “to
11 the extent otherwise provided by”.

12 (2) Section 741 of such Code is amended by in-
13 serting “or section 710 (relating to special rules for
14 partners providing investment management services
15 to partnerships)” before the period at the end.

16 (3) The table of sections for part I of sub-
17 chapter K of chapter 1 of such Code is amended by
18 adding at the end the following new item:

“Sec. 710. Special rules for partners providing investment management services
to partnerships.”.

19 (4) Part IV of subchapter O of chapter 1 of
20 such Code is amended by striking section 1061, and
21 the table of sections for such part is amended by
22 striking the item relating to section 1061.

23 (h) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as otherwise pro-
2 vided in this subsection, the amendments made by
3 this section shall apply to taxable years ending after
4 the date of the enactment of this Act.

5 (2) PARTNERSHIP TAXABLE YEARS WHICH IN-
6 CLUDE EFFECTIVE DATE.—In applying section
7 710(a) of the Internal Revenue Code of 1986 (as
8 added by this section) in the case of any partnership
9 taxable year which includes the date of the enact-
10 ment of this Act, the amount of the net capital gain
11 referred to in such section shall be treated as being
12 the lesser of the net capital gain for the entire part-
13 nership taxable year or the net capital gain deter-
14 mined by only taking into account items attributable
15 to the portion of the partnership taxable year which
16 is after such date.

17 (3) DISPOSITIONS OF PARTNERSHIP INTER-
18 ESTS.—

19 (A) IN GENERAL.—Section 710(b) of such
20 Code (as added by this section) shall apply to
21 dispositions and distributions after the date of
22 the enactment of this Act.

23 (B) INDIRECT DISPOSITIONS.—The amend-
24 ments made by subsection (b) shall apply to

1 transactions after the date of the enactment of
2 this Act.

3 (4) OTHER INCOME AND GAIN IN CONNECTION
4 WITH INVESTMENT MANAGEMENT SERVICES.—Sec-
5 tion 710(e) of such Code (as added by this section)
6 shall take effect on the date of the enactment of this
7 Act.

8 **SEC. 403. RETURN TO PRE-2018 ESTATE AND GIFT TAX**
9 **BASIC EXCLUSION AMOUNT.**

10 (a) IN GENERAL.—Section 2010(c)(3) of the Internal
11 Revenue Code of 1986 is amended by striking subpara-
12 graph (C).

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to estates of decedents dying and
15 gifts made after the date of the enactment of this Act.

○