

105TH CONGRESS
2D SESSION

H. R. 4640

To amend the Internal Revenue Code of 1986 to provide that disposition of property produced by a qualified family-owned business does not trigger additional estate tax.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 1998

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

A BILL

To amend the Internal Revenue Code of 1986 to provide that disposition of property produced by a qualified family-owned business does not trigger additional estate tax.

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. SALE OR EXCHANGE OF PROPERTY PRODUCED**
4 **ON REAL ESTATE IN ORDINARY COURSE OF**
5 **BUSINESS BY QUALIFIED FAMILY-OWNED**
6 **BUSINESS.**

7 (a) IN GENERAL.—Subsection (c) of section 2057 of
8 the Internal Revenue Code of 1986 (relating to tax treat-
9 ment of dispositions and failures to use for qualified use)

1 is amended by adding at the end the following new para-
 2 graph:

3 “(8) SALE OR EXCHANGE OF PROPERTY PRO-
 4 DUCED IN THE ORDINARY COURSE OF BUSINESS.—
 5 Paragraph (1) shall not apply to the sale or ex-
 6 change of property produced through the qualified
 7 use of qualified real property.”.

8 (b) EFFECTIVE DATE.—The amendment made by
 9 subsection (a) shall apply to estates of decedents dying
 10 after the date of the enactment of this Act.

11 **SEC. 2. INTEREST ON ADDITIONAL ESTATE TAX.**

12 (a) IN GENERAL.—Subparagraph (A) of section
 13 2057(f)(2) (relating to additional estate tax) is amended
 14 to read as follows:

15 “(A) IN GENERAL.—The amount of addi-
 16 tional estate tax imposed by paragraph (1) shall
 17 be equal to the applicable percentage of the ad-
 18 justed tax difference attributable to the quali-
 19 fied family-owned business interests.”.

20 (b) EFFECTIVE DATE.—The amendment made by
 21 subsection (a) shall apply to estates of decedents dying
 22 after the date of the enactment of this Act.

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