

106TH CONGRESS
1ST SESSION

H. R. 1105

To amend the Internal Revenue Code of 1986 to provide that transfers of family-owned business interests shall be exempt from estate taxation.

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 1999

Mr. THOMPSON of California (for himself, Mr. OSE, Mr. DOOLEY of California, and Mr. RADANVOICH) 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 transfers of family-owned business interests shall be exempt from estate taxation.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Family Business Pres-
5 ervation Act of 1999”.

1 **SEC. 2. UNLIMITED DEDUCTION FROM ESTATE FOR FAM-**
 2 **ILY-OWNED BUSINESS INTERESTS.**

3 (a) IN GENERAL.—Subsection (a) of section 2057 of
 4 the Internal Revenue Code of 1986 (relating to family-
 5 owned business interests) is amended to read as follows:

6 “(a) ALLOWANCE OF DEDUCTION.—For purposes of
 7 the tax imposed by section 2001, in the case of an estate
 8 of a decedent to which this section applies, the value of
 9 the taxable estate shall be determined by deducting from
 10 the value of the gross estate the adjusted value of the
 11 qualified family-owned business interests of the decedent
 12 which are described in subsection (b)(2).”

13 (b) FULL RECAPTURE (WITHOUT INTEREST) IF
 14 QUALIFIED HEIR DISPOSES OF PROPERTY, ETC.—

15 (1) IN GENERAL.—Paragraph (2) of section
 16 2057(f) of such Code is amended by striking sub-
 17 paragraphs (A) and (B), by redesignating subpara-
 18 graph (C) as subparagraph (B), and by inserting
 19 after the paragraph heading the following new sub-
 20 paragraph:

21 “(A) IN GENERAL.—The amount of the
 22 additional estate tax imposed by paragraph (1)
 23 shall be equal to the adjusted tax difference at-
 24 tributable to the qualified family-owned busi-
 25 ness interest.”

1 (2) CONFORMING AMENDMENT.—Paragraph (1)
2 of section 2057(f) of such Code is amended by strik-
3 ing “within 10 years after the date of the decedent’s
4 death and”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to estates of decedents dying after
7 the date of the enactment of this Act.

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