

110TH CONGRESS  
1ST SESSION

# S. 548

To amend the Internal Revenue Code of 1986 to provide that a deduction equal to fair market value shall be allowed for charitable contributions of literary, musical, artistic, or scholarly compositions created by the donor.

---

## IN THE SENATE OF THE UNITED STATES

FEBRUARY 12, 2007

Mr. LEAHY (for himself, Mr. BENNETT, Ms. CANTWELL, Mr. CARDIN, Mr. COCHRAN, Mr. COLEMAN, Mr. CONRAD, Mr. DODD, Mr. DOMENICI, Mr. DURBIN, Mrs. FEINSTEIN, Mr. KENNEDY, Mr. KERRY, Mr. LIEBERMAN, Mr. SANDERS, Mr. SCHUMER, and Mr. STEVENS) introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to provide that a deduction equal to fair market value shall be allowed for charitable contributions of literary, musical, artistic, or scholarly compositions created by the donor.

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 “Artist-Museum Part-  
5       nership Act”.

1 **SEC. 2. CHARITABLE CONTRIBUTIONS OF CERTAIN ITEMS**  
 2 **CREATED BY THE TAXPAYER.**

3 (a) IN GENERAL.—Subsection (e) of section 170 of  
 4 the Internal Revenue Code of 1986 (relating to certain  
 5 contributions of ordinary income and capital gain prop-  
 6 erty) is amended by adding at the end the following new  
 7 paragraph:

8 “(8) SPECIAL RULE FOR CERTAIN CONTRIBU-  
 9 TIONS OF LITERARY, MUSICAL, OR ARTISTIC COM-  
 10 POSITIONS.—

11 “(A) IN GENERAL.—In the case of a quali-  
 12 fied artistic charitable contribution—

13 “(i) the amount of such contribution  
 14 shall be the fair market value of the prop-  
 15 erty contributed (determined at the time of  
 16 such contribution), and

17 “(ii) no reduction in the amount of  
 18 such contribution shall be made under  
 19 paragraph (1).

20 “(B) QUALIFIED ARTISTIC CHARITABLE  
 21 CONTRIBUTION.—For purposes of this para-  
 22 graph, the term ‘qualified artistic charitable  
 23 contribution’ means a charitable contribution of  
 24 any literary, musical, artistic, or scholarly com-  
 25 position, or similar property, or the copyright  
 26 thereon (or both), but only if—

1 “(i) such property was created by the  
2 personal efforts of the taxpayer making  
3 such contribution no less than 18 months  
4 prior to such contribution,

5 “(ii) the taxpayer—

6 “(I) has received a qualified ap-  
7 praisal of the fair market value of  
8 such property in accordance with the  
9 regulations under this section, and

10 “(II) attaches to the taxpayer’s  
11 income tax return for the taxable year  
12 in which such contribution was made  
13 a copy of such appraisal,

14 “(iii) the donee is an organization de-  
15 scribed in subsection (b)(1)(A),

16 “(iv) the use of such property by the  
17 donee is related to the purpose or function  
18 constituting the basis for the donee’s ex-  
19 emption under section 501 (or, in the case  
20 of a governmental unit, to any purpose or  
21 function described under subsection (c)),

22 “(v) the taxpayer receives from the  
23 donee a written statement representing  
24 that the donee’s use of the property will be

1 in accordance with the provisions of clause  
2 (iv), and

3 “(vi) the written appraisal referred to  
4 in clause (ii) includes evidence of the ex-  
5 tent (if any) to which property created by  
6 the personal efforts of the taxpayer and of  
7 the same type as the donated property is  
8 or has been—

9 “(I) owned, maintained, and dis-  
10 played by organizations described in  
11 subsection (b)(1)(A), and

12 “(II) sold to or exchanged by  
13 persons other than the taxpayer,  
14 donee, or any related person (as de-  
15 fined in section 465(b)(3)(C)).

16 “(C) MAXIMUM DOLLAR LIMITATION; NO  
17 CARRYOVER OF INCREASED DEDUCTION.—The  
18 increase in the deduction under this section by  
19 reason of this paragraph for any taxable year—

20 “(i) shall not exceed the artistic ad-  
21 justed gross income of the taxpayer for  
22 such taxable year, and

23 “(ii) shall not be taken into account in  
24 determining the amount which may be car-

ried from such taxable year under subsection (d).

“(D) ARTISTIC ADJUSTED GROSS INCOME.—For purposes of this paragraph, the term ‘artistic adjusted gross income’ means that portion of the adjusted gross income of the taxpayer for the taxable year attributable to—

“(i) income from the sale or use of property created by the personal efforts of the taxpayer which is of the same type as the donated property, and

“(ii) income from teaching, lecturing, performing, or similar activity with respect to property described in clause (i).

“(E) PARAGRAPH NOT TO APPLY TO CERTAIN CONTRIBUTIONS.—Subparagraph (A) shall not apply to any charitable contribution of any letter, memorandum, or similar property which was written, prepared, or produced by or for an individual while the individual is an officer or employee of any person (including any government agency or instrumentality) unless such letter, memorandum, or similar property is entirely personal.

1                   “(F) COPYRIGHT TREATED AS SEPARATE  
2                   PROPERTY FOR PARTIAL INTEREST RULE.—In  
3                   the case of a qualified artistic charitable con-  
4                   tribution, the tangible literary, musical, artistic,  
5                   or scholarly composition, or similar property  
6                   and the copyright on such work shall be treated  
7                   as separate properties for purposes of this para-  
8                   graph and subsection (f)(3).”.

9           (b) EFFECTIVE DATE.—The amendment made by  
10 this section shall apply to contributions made after the  
11 date of the enactment of this Act in taxable years ending  
12 after such date.

○