

111TH CONGRESS
1ST SESSION

H. R. 4174

To amend the Internal Revenue Code of 1986 to provide relief with respect to estate and gift taxes, small businesses, and government contractors.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 2, 2009

Mr. NYE 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 relief with respect to estate and gift taxes, small businesses, and government contractors.

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 “Tax Relief for Business Growth and Sustainability Act
6 of 2009”.

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

Sec. 1. Short title; table of contents.

TITLE I—ESTATE AND GIFT TAX REFORM

Sec. 101. Repeal of carryover basis; increased exclusion amount; maximum 35 percent rate.

Sec. 102. Increase in deduction for family-owned businesses.

Sec. 103. Exclusion from gross estate of value of principal residence.

TITLE II—TREATMENT OF SMALL BUSINESS STOCK

Sec. 201. Full exclusion from gross income of gain from qualified small business stock.

Sec. 202. Repeal of alternative minimum tax treatment of qualified small business stock gain as item of tax preference.

TITLE III—RELIEF FOR GOVERNMENT CONTRACTORS

Sec. 301. Repeal of withholding tax on government contractors.

1 **TITLE I—ESTATE AND GIFT TAX** 2 **REFORM**

3 **SEC. 101. REPEAL OF CARRYOVER BASIS; INCREASED EX-** 4 **CLUSION AMOUNT; MAXIMUM 35 PERCENT** 5 **RATE.**

6 (a) EGTRRA SUNSET NOT TO APPLY.—Section 901
7 of the Economic Growth and Tax Relief Reconciliation Act
8 of 2001 shall not apply to title V of such Act (other than
9 subtitles A and E, and sections 511(d) and 521(b)(2),
10 thereof).

11 (b) \$5,000,000 APPLICABLE EXCLUSION AMOUNT.—
12 Subsection (c) of section 2010 of the Internal Revenue
13 Code of 1986 is amended by striking all that follows “the
14 applicable exclusion amount” and inserting “. For pur-
15 poses of the preceding sentence, the applicable exclusion
16 amount is \$5,000,000.”.

17 (c) MAXIMUM ESTATE AND GIFT TAX RATE 35 PER-
18 CENT.—Paragraph (1) of section 2001(c) of such Code is

1 amended by striking the last 7 items in the table and in-
 2 serting the following new item:

“Over \$500,000 \$155,800, plus 35 percent of the ex-
 cess of such amount over
 \$500,000.”.

3 (d) EFFECTIVE DATE.—The amendments made by
 4 this section shall apply to estates of decedents dying, and
 5 gifts made, after December 31, 2010.

6 **SEC. 102. INCREASE IN DEDUCTION FOR FAMILY-OWNED**
 7 **BUSINESSES.**

8 (a) IN GENERAL.—

9 (1) INCREASE.—Paragraph (2) of section
 10 2057(a) of the Internal Revenue Code of 1986 is
 11 amended by striking “\$675,000” and inserting
 12 “\$5,000,000”.

13 (2) ALLOWED IN ADDITION TO APPLICABLE
 14 CREDIT AMOUNT.—Subsection (a) of section 2057 of
 15 such Code is amended by striking paragraph (3).

16 (b) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to estates of decedents dying, and
 18 gifts made, after December 31, 2010.

19 **SEC. 103. EXCLUSION FROM GROSS ESTATE OF VALUE OF**
 20 **PRINCIPAL RESIDENCE.**

21 (a) IN GENERAL.—Subchapter A of chapter 11 of the
 22 Internal Revenue Code of 1986 is amended by adding at
 23 the end the following new section:

1 **“SEC. 2059. PRINCIPAL RESIDENCE.**

2 “(a) IN GENERAL.—For purposes of the tax imposed
3 by section 2001, in the case of a decedent who was (at
4 the date of the decedent’s death) a citizen or resident of
5 the United States, the value of the taxable estate shall
6 be determined by deducting from the value of the gross
7 estate the adjusted value of any residence if—

8 “(1) such residence is included in determining
9 the value of the gross estate,

10 “(2) such residence is located in the United
11 States, and

12 “(3) during the 8-year period ending on the
13 date of the decedent’s death, there have been periods
14 aggregating 5 years during which such residence was
15 owned by the decedent or a member of the de-
16 cent’s family and used by the decedent or such a
17 member as their principal residence (within the
18 meaning of section 121).

19 “(b) LIMITATION.—The deduction allowed by this
20 section shall not exceed \$2,000,000.

21 “(c) ADJUSTED VALUE.—For purposes of this sec-
22 tion, the adjusted value of property is the value of such
23 property for purposes of this chapter, reduced by amounts
24 allowable as a deduction in respect to such property under
25 paragraph (4) of section 2053(a).”.

1 (b) CLERICAL AMENDMENT.—The table of sections
 2 for subchapter A of chapter 11 of such Code is amended
 3 by adding at the end the following new item:

“Sec. 2059. Principal residence.”.

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to estates of decedents dying, and
 6 gifts made, after December 31, 2010.

7 **TITLE II—TREATMENT OF** 8 **SMALL BUSINESS STOCK**

9 **SEC. 201. FULL EXCLUSION FROM GROSS INCOME OF GAIN** 10 **FROM QUALIFIED SMALL BUSINESS STOCK.**

11 (a) IN GENERAL.—Paragraph (1) of section 1202(a)
 12 of the Internal Revenue Code of 1986 is amended by strik-
 13 ing “50 percent of”.

14 (b) EFFECTIVE DATE.—The amendment made by
 15 this section shall apply to taxable years beginning after
 16 December 31, 2008.

17 **SEC. 202. REPEAL OF ALTERNATIVE MINIMUM TAX TREAT-** 18 **MENT OF QUALIFIED SMALL BUSINESS** 19 **STOCK GAIN AS ITEM OF TAX PREFERENCE.**

20 (a) IN GENERAL.—Subsection (a) of section 57 of the
 21 Internal Revenue Code of 1986 is amended by striking
 22 paragraph (7).

23 (b) CONFORMING AMENDMENT.—Subclause (II) of
 24 section 53(d)(1)(B)(ii) of such Code is amended by strik-
 25 ing “, (5), and (7)” and inserting “and (5)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2008.

4 **TITLE III—RELIEF FOR**
5 **GOVERNMENT CONTRACTORS**

6 **SEC. 301. REPEAL OF WITHHOLDING TAX ON GOVERNMENT**
7 **CONTRACTORS.**

8 Section 3402 of the Internal Revenue Code of 1986
9 is amended by striking subsection (t).

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