

111TH CONGRESS  
2D SESSION

# H. R. 4877

To amend the Internal Revenue Code of 1986 to encourage investment in certain industries by providing an exclusion from tax on certain gains.

---

## IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 2010

Mr. POLIS of Colorado (for himself, Mr. COFFMAN of Colorado, Mr. SCHAUER, and Ms. KOSMAS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, 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 amend the Internal Revenue Code of 1986 to encourage investment in certain industries by providing an exclusion from tax on certain gains.

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 “Community Bank and  
5 Automotive Industry Recapitalization Act of 2010”.

1 **SEC. 2. EXCLUSION OF CAPITAL GAINS ON INVESTMENTS**  
2 **IN CERTAIN INDUSTRIES.**

3 (a) IN GENERAL.—Part III of subchapter B of chap-  
4 ter 1 of the Internal Revenue Code of 1986 is amended  
5 by inserting after section 139C the following new section:

6 **“SEC. 139D. CAPITAL GAINS ON INVESTMENTS IN CERTAIN**  
7 **INDUSTRIES.**

8 “(a) IN GENERAL.—Gross income shall not include  
9 gain from the sale of qualified investment property if—

10 “(1) such property is acquired during the 18-  
11 month period beginning on the date of the enact-  
12 ment of this section, and

13 “(2) such property is held for more than 5  
14 years.

15 “(b) QUALIFIED INVESTMENT PROPERTY.—For pur-  
16 poses of this section—

17 “(1) IN GENERAL.—The term ‘qualified invest-  
18 ment property’ means any—

19 “(A) stock in a specified domestic corpora-  
20 tion acquired by the taxpayer at its original  
21 issue, and

22 “(B) any capital or profits interest in a  
23 specified domestic partnership acquired by the  
24 taxpayer from the partnership.

25 “(2) SPECIFIED CORPORATIONS AND PARTNER-  
26 SHIPS.—

1           “(A) IN GENERAL.—A corporation or part-  
2           nership shall be treated as specified for pur-  
3           poses of paragraph (1) if such corporation or  
4           partnership is a community bank or an auto-  
5           motive company.

6           “(B) COMMUNITY BANK.—The term ‘com-  
7           munity bank’ means any community bank with  
8           less than \$10,000,000,000 in assets which is  
9           established and regulated under the laws of the  
10          United States or any State, territory, or posses-  
11          sion of the United States, the District of Co-  
12          lumbia, Commonwealth of Puerto Rico, Com-  
13          monwealth of Northern Mariana Islands, Guam,  
14          American Samoa, or the United States Virgin  
15          Islands, and having significant operations in the  
16          United States, but excluding any central bank  
17          of, or institution owned by, a foreign govern-  
18          ment.

19          “(C) AUTOMOTIVE COMPANY.—The term  
20          ‘automotive company’ means any person the  
21          majority of the gross receipts of which are de-  
22          rived from the research, design, production, or  
23          sale of personal or mass transportation vehicles  
24          or components for such vehicles.

1       “(c) INELIGIBILITY FOR TARP ASSISTANCE.—In  
2 any corporation or partnership issues stock or any capital  
3 or profits interest during the 18-month period beginning  
4 on the date of the enactment of this section which results  
5 in the aggregate fair market value of all such stock and  
6 interests (determined, in each case, as of the date of  
7 issuance) issued by such corporation or partnership during  
8 such period to equal or exceed \$500,000, such corporation  
9 or partnership shall not be eligible to receive any assist-  
10 ance under title I of the Emergency Economic Stabiliza-  
11 tion Act of 2008 after the date of such issuance.”.

12       (b) CLERICAL AMENDMENT.—The table of sections  
13 for part III of subchapter B of chapter 1 of such Code  
14 is amended by inserting after the item relating to section  
15 139C the following new item:

“Sec. 139D. Capital gains on investments in certain industries.”.

16       (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to property acquired after the date  
18 of the enactment of this section.

○