

112TH CONGRESS  
1ST SESSION

# H. R. 1313

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

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2011

Mr. POLIS (for himself and Mr. COFFMAN of Colorado) introduced the following bill; which was referred to the Committee on Ways and Means

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## 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 2011”.

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

8 (a) IN GENERAL.—Part III of subchapter B of chap-  
9 ter 1 of the Internal Revenue Code of 1986 is amended  
10 by inserting after section 139D the following new section:

1 **“SEC. 139E. CAPITAL GAINS ON INVESTMENTS IN CERTAIN**  
2 **INDUSTRIES.**

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

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

8 “(2) such property is held for more than 5  
9 years.

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

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

14 “(A) stock in a specified domestic corpora-  
15 tion acquired by the taxpayer at its original  
16 issue, and

17 “(B) any capital or profits interest in a  
18 specified domestic partnership acquired by the  
19 taxpayer from the partnership.

20 “(2) SPECIFIED CORPORATIONS AND PARTNER-  
21 SHIPS.—

22 “(A) IN GENERAL.—A corporation or part-  
23 nership shall be treated as specified for pur-  
24 poses of paragraph (1) if such corporation or  
25 partnership is a community bank or an auto-  
26 motive company.

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

14           “(C) AUTOMOTIVE COMPANY.—The term  
15          ‘automotive company’ means any person the  
16          majority of the gross receipts of which are de-  
17          rived from the research, design, production, or  
18          sale of personal or mass transportation vehicles  
19          or components for such vehicles.”.

20          (b) CLERICAL AMENDMENT.—The table of sections  
21          for part III of subchapter B of chapter 1 of such Code  
22          is amended by inserting after the item relating to section  
23          139D the following new item:

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

1           (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to property acquired after the date  
3 of the enactment of this Act.

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