

114TH CONGRESS
2D SESSION

H. R. 5539

To amend the Internal Revenue Code of 1986 to exclude from gross income contributions to the capital of a partnership, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 21, 2016

Mr. TIBERI (for himself, Mr. DANNY K. DAVIS of Illinois, and Mr. ROSKAM) 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 exclude from gross income contributions to the capital of a partnership, and for other purposes.

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 “Preserving Investment
5 in Needy Neighborhoods Act”.

6 **SEC. 2. EXCLUSION OF CONTRIBUTIONS TO CAPITAL OF**
7 **PARTNERSHIP.**

8 (a) IN GENERAL.—Subsection (a) of section 118 of
9 the Internal Revenue Code of 1986 is amended by insert-

1 ing before the period at the end the following: “, and, in
 2 the case of a partnership, gross income shall not include
 3 contributions to the capital of the partnership”.

4 (b) BASIS OF PROPERTY CONTRIBUTED TO PART-
 5 NERSHIP.—Section 723 of such Code is amended—

6 (1) by striking “The basis of property” and in-
 7 serting the following:

8 “(a) IN GENERAL.—Except as provided in subsection
 9 (b), the basis of property”, and

10 (2) by adding at the end the following new sub-
 11 section:

12 “(b) CONTRIBUTIONS TO CAPITAL.—

13 “(1) PROPERTY OTHER THAN MONEY.—If prop-
 14 erty other than money—

15 “(A) is acquired by a partnership as a con-
 16 tribution to capital, and

17 “(B) is not contributed by a partner as
 18 such,

19 then the basis of such property shall be zero.

20 “(2) MONEY.—If money—

21 “(A) is received by a partnership as a con-
 22 tribution to capital, and

23 “(B) is not contributed by a partner as
 24 such,

1 then the basis of any property acquired with such
 2 money during the 12-month period beginning on the
 3 day the contribution is received shall be reduced by
 4 the amount of such contribution. The excess (if any)
 5 of the amount of such contribution over the amount
 6 of the reduction under the preceding sentence shall
 7 be applied to the reduction (as of the last day of the
 8 period specified in the preceding sentence) of the
 9 basis of any other property of the partnership. The
 10 particular properties to which the reductions re-
 11 quired by this paragraph shall be allocated shall be
 12 determined under regulations prescribed by the Sec-
 13 retary.”.

14 (c) NO INCREASE IN BASIS OF PARTNER’S INTER-
 15 EST.—Subparagraph (B) of section 705(a)(1) of such
 16 Code is amended by inserting “(other than amounts ex-
 17 cluded from gross income under section 118)” after “ex-
 18 empt from tax under this title”.

19 (d) CONFORMING AMENDMENT.—The heading for
 20 section 118 of such Code is amended by striking “**OF A**
 21 **CORPORATION**” and inserting “**OF CORPORATIONS**
 22 **AND PARTNERSHIPS**”.

23 (e) EFFECTIVE DATE.—The amendments made by
 24 this section shall apply to contributions made after the
 25 date of the enactment of this Act.

1 (f) NO INFERENCE.—Nothing contained in this sec-
2 tion or the amendments made by this section shall be con-
3 strued to create any inference under the Internal Revenue
4 Code of 1986 with respect to the treatment of contribu-
5 tions to the capital of partnerships made on or before the
6 date of the enactment of this Act.

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