

114TH CONGRESS  
2D SESSION

# S. 3243

To amend the Internal Revenue Code of 1986 to help rebuild and renew rural communities, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JULY 14, 2016

Mr. GARDNER introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to help rebuild and renew rural communities, 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; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Rebuilding and Renewing Rural America Act of 2016”.

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

Sec. 1. Short title; table of contents.

### TITLE I—REVITALIZING RURAL COMMUNITIES

#### Subtitle A—Philanthropic Facilitation

Sec. 101. Facilitation of program-related investments.

Sec. 102. Declaratory judgment remedy.

Sec. 103. Information returns.  
 Sec. 104. Publicity of information.  
 Sec. 105. Conforming amendments.  
 Sec. 106. Regulations.  
 Sec. 107. Effective date.

Subtitle B—Rebuilding Rural Main Street

Sec. 111. Tax credits for reduction of lead, radon, and asbestos hazards in rural commercial structures.

Subtitle C—Renewing Rural America

Sec. 121. Additional new markets tax credit for rural renewal communities.

Subtitle D—Job Creator Credits

Sec. 131. Expensing for rural renewal community businesses.  
 Sec. 132. Reduced payroll taxes for individuals and businesses in rural renewal communities.

Subtitle E—Encouraging Small Business Start Ups

Sec. 141. Renewal community business start-up savings accounts.

TITLE II—SETTING RURAL AMERICA FREE FROM  
OVERREGULATION

Sec. 201. Short title.  
 Sec. 202. Reducing excessive Government in rural America.

1 **TITLE I—REVITALIZING RURAL**  
 2 **COMMUNITIES**

3 **Subtitle A—Philanthropic**  
 4 **Facilitation**

5 **SEC. 101. FACILITATION OF PROGRAM-RELATED INVEST-**  
 6 **MENTS.**

7 Subsection (c) of section 4944 of the Internal Rev-  
 8 enue Code of 1986 is amended to read as follows:

9 “(c) PROGRAM-RELATED INVESTMENTS.—

10 “(1) TREATMENT OF PROGRAM-RELATED IN-

11 VESTMENTS.—For purposes of this subchapter, pro-

12 gram-related investments—

1 “(A) are not investments which jeopardize  
 2 the carrying out of one or more purposes de-  
 3 scribed in section 170(c)(2)(B),

4 “(B) are not business holdings under sec-  
 5 tion 4943, and

6 “(C) may be qualifying distributions under  
 7 section 4942.

8 “(2) PROGRAM-RELATED INVESTMENTS DE-  
 9 FINED.—

10 “(A) IN GENERAL.—For purposes of this  
 11 subchapter and chapter 61, an investment made  
 12 by a private foundation constitutes a program-  
 13 related investment if—

14 “(i) the primary purpose of the invest-  
 15 ment is to accomplish one or more of the  
 16 purposes described in section 170(c)(2)(B),

17 “(ii) no significant purpose of the in-  
 18 vestment is the production of income or  
 19 the appreciation of property, and

20 “(iii) no purpose of the investment is  
 21 to accomplish one or more of the purposes  
 22 described in section 170(c)(2)(D).

23 “(B) SPECIAL RULES.—For purposes of  
 24 subparagraph (A)—

1                   “(i) determinations of whether an in-  
2                   vestment qualifies as a program-related in-  
3                   vestment shall be based on consideration of  
4                   all relevant facts and circumstances, and

5                   “(ii) the fact that the entity produces  
6                   significant income or capital appreciation  
7                   shall not, in the absence of other factors,  
8                   be conclusive evidence of a significant pur-  
9                   pose involving the production of income or  
10                  the appreciation of property.

11               “(3) SAFE HARBOR DETERMINATIONS.—The  
12               Secretary shall establish a procedure which shall be  
13               substantially similar to the processes for recognition  
14               of exemption under section 501(a) or 4945(g) and  
15               under which an entity seeking to receive program-re-  
16               lated investments may petition the Secretary for a  
17               determination that, based on consideration of all rel-  
18               evant facts and circumstances, investments by pri-  
19               vate foundations in such entity will be program-re-  
20               lated investments meeting the requirements of para-  
21               graph (2). Under this procedure, the Secretary shall  
22               rule on all requests within 120 days of submission.

23               “(4) EFFECT OF DETERMINATION.—Once a de-  
24               termination has been made that investments in an  
25               entity qualify as program-related investments, orga-

1       nizations making such investments shall be entitled  
 2       to rely on the determination, unless and until the  
 3       Secretary publishes notice of revocation of the deter-  
 4       mination.

5               “(5) VOLUNTARY NATURE OF PROCESS.—Enti-  
 6       ties seeking program-related investments are not re-  
 7       quired to seek a determination under paragraph (3),  
 8       and the absence of such a determination shall not  
 9       affect the ability of a private foundation to make a  
 10      program-related investment based on its own deter-  
 11      mination that the investment qualifies as a program-  
 12      related investment.

13              “(6) ORGANIZATIONS TREATED AS PRIVATE  
 14      FOUNDATIONS.—For purposes of this subsection and  
 15      section 6104A, all references to private foundations  
 16      include organizations that are treated as private  
 17      foundations under any of the provisions of sections  
 18      4940 through 4948, inclusive, whether created under  
 19      State law or the law of any federally recognized  
 20      tribe.”.

21   **SEC. 102. DECLARATORY JUDGMENT REMEDY.**

22      Paragraph (1) of section 7428(a) of the Internal Rev-  
 23      enue Code of 1986 is amended by striking “or” at the  
 24      end of subparagraph (C) and by adding after subpara-  
 25      graph (D) the following new subparagraph:

1                   “(E) with respect to whether investments  
 2                   in an entity are program-related investments  
 3                   (as described in section 4944(c)(2)), or”.

4 **SEC. 103. INFORMATION RETURNS.**

5           Part III of subchapter A of chapter 61 of the Internal  
 6 Revenue Code of 1986 is amended by inserting after sec-  
 7 tion 6033 the following new section:

8 **“SEC. 6033A. INFORMATION REPORTING BY FOR-PROFIT**  
 9 **ORGANIZATIONS RECEIVING PROGRAM-RE-**  
 10 **LATED INVESTMENTS.**

11           “(a) ORGANIZATIONS REQUIRED TO FILE.—If in-  
 12 vestments in an entity have been determined to be pro-  
 13 gram-related investments through a determination of the  
 14 Internal Revenue Service pursuant to section 4944(c)(3)  
 15 or by a determination of a court pursuant to section  
 16 7428(a), the entity shall, in addition to any other applica-  
 17 ble filing obligations, file an annual return providing the  
 18 information specified in subsection (b) for any taxable  
 19 year in which it receives or retains one or more program-  
 20 related investments (as defined in section 4944(c)(2)).

21           “(b) REQUIRED REPORTING.—The return described  
 22 in subsection (a) shall provide, in such manner and at  
 23 such time as the Secretary may by forms or regulations  
 24 prescribe, the following information—

1           “(1) the organization’s gross income for the  
2       year,

3           “(2) its expenses attributable to such income  
4       incurred within the year,

5           “(3) its disbursements within the year for one  
6       or more purposes described in section 170(c)(2)(B),  
7       together with a narrative statement describing the  
8       results obtained from the use of those assets for  
9       such one or more purposes described in section  
10      170(c)(2)(B),

11          “(4) a balance sheet showing its assets, liabil-  
12      ities, and net worth as of the beginning and end of  
13      such year,

14          “(5) the names and addresses of all private  
15      foundations holding program-related investments in  
16      the organization,

17          “(6) a statement of the portion of its liabilities  
18      and net worth that represent capitalization obtained  
19      by means of program-related investments as of the  
20      beginning and end of such year,

21          “(7) a statement of any interest, dividends, or  
22      other distributions paid with respect to any pro-  
23      gram-related investments during the year, and

24          “(8) such other information as may be nec-  
25      essary for the return described in subsection (a) to

1       satisfy the annual financial reporting required by the  
 2       expenditure responsibility rules pursuant to the reg-  
 3       ulations under section 4945 or as the Secretary may  
 4       by forms or regulations prescribe.”.

5   **SEC. 104. PUBLICITY OF INFORMATION.**

6       Subchapter B of chapter 61 of the Internal Revenue  
 7   Code of 1986 is amended by inserting after section 6104  
 8   the following new section:

9   **“SEC. 6104A. PUBLICITY OF INFORMATION REGARDING OR-**  
 10                   **GANIZATIONS   RECEIVING   PROGRAM-RE-**  
 11                   **LATED INVESTMENTS.**

12       “(a) INSPECTION OF PETITIONS FOR DETERMINA-  
 13   TION OF PROGRAM-RELATED INVESTMENT STATUS.—If  
 14   an entity seeks a determination pursuant to section  
 15   4944(c)(3) that investments by private foundations in  
 16   such organization will be program-related investments, the  
 17   petition seeking such a determination, together with any  
 18   documents submitted in support of such petition and any  
 19   determination or other document issued by the Internal  
 20   Revenue Service with respect to such petition, shall be  
 21   open to public inspection at the national office of the In-  
 22   ternal Revenue Service.

23       “(b) INSPECTION OF ANNUAL INFORMATION RE-  
 24   TURNS.—The information required to be furnished by sec-  
 25   tion 6033A, together with the names and addresses of



1 such entity, shall be made available to the public at such  
2 times and in such places as the Secretary may prescribe.

3 “(c) PUBLIC INSPECTION OF PETITIONS AND AN-  
4 NUAL INFORMATION RETURNS.—Any entity that receives  
5 a determination from the Internal Revenue Service that  
6 private foundation investments shall be program-related  
7 investments pursuant to section 4944(c)(3) shall make  
8 copies available at the organization’s principal office, dur-  
9 ing regular business hours, of the petition for such deter-  
10 mination (together with supporting materials provided  
11 with the petition and documents issued by the Internal  
12 Revenue Service with respect to such petition), as well as  
13 the annual returns required by section 6033A filed by such  
14 organization. Upon request of an individual made at such  
15 principal office, copies of such petition materials and an-  
16 nual reports shall be provided to such individual without  
17 charge other than a reasonable fee for any reproduction  
18 and mailing costs. The inspection and duplication rights  
19 granted in this subsection shall apply to an annual return  
20 only during the three-year period beginning on the last  
21 day prescribed for filing such return (determined with re-  
22 gard to any extension of time for filing).

23 “(d) LIMITATION ON PROVIDING COPIES.—Para-  
24 graph (c) shall not apply to any request if, in accordance  
25 with regulations promulgated by the Secretary, the entity

1 has made the requested documents widely available, or the  
 2 Secretary determines, upon application by an entity, that  
 3 such request is part of a harassment campaign and that  
 4 compliance with such request is not in the public inter-  
 5 est.”.

6 **SEC. 105. CONFORMING AMENDMENTS.**

7 (a) CONFORMING CHANGE TO SECTION 501(n).—  
 8 Paragraph (4)(A) of section 501(n) of the Internal Rev-  
 9 enue Code of 1986 is amended by inserting “paragraph  
 10 (2) of” before “section 4944(c).”

11 (b) CONFORMING CHANGE TO SECTION 514(b).—  
 12 Paragraph (1) of section 514(b) of the Internal Revenue  
 13 Code of 1986 is amended by redesignating subparagraphs  
 14 (D) and (E) as subparagraphs (E) and (F) and by insert-  
 15 ing after subparagraph (C) the following new subpara-  
 16 graph:

17 “(D) any property owned or treated as  
 18 owned by a private foundation by virtue of its  
 19 having made an investment in an entity that  
 20 has received a determination from the Internal  
 21 Revenue Service pursuant to section  
 22 4944(c)(3), or by a court pursuant to section  
 23 7428(a), that such investments in such entity  
 24 qualify as program-related investments;”.

1       (c) CONFORMING CHANGE TO SECTION 4943(d).—  
2 Paragraph (3) of section 4943(d) of the Internal Revenue  
3 Code of 1986 is amended by striking “or” at the end of  
4 subparagraph (A), by redesignating subparagraph (B) as  
5 subparagraph (C) and by inserting after subparagraph (A)  
6 the following new subparagraph:

7                   “(B) any program-related investment, as  
8                   defined in section 4944(c)(2), or”.

9 **SEC. 106. REGULATIONS.**

10       The Secretary of the Treasury shall, not later than  
11 1 year after the date of the enactment of this Act, amend  
12 any applicable regulations as may be necessary or appro-  
13 priate to implement any amendments contained in this  
14 subtitle or to carry out the purposes of this subtitle, in-  
15 cluding providing additional examples of qualifying pro-  
16 gram-related investments.

17 **SEC. 107. EFFECTIVE DATE.**

18       The amendments made by this subtitle shall apply to  
19 investments made after the date of the enactment of this  
20 Act in taxable years ending after such date.

1     **Subtitle B—Rebuilding Rural Main**  
 2                             **Street**

3     **SEC. 111. TAX CREDITS FOR REDUCTION OF LEAD, RADON,**  
 4                             **AND ASBESTOS HAZARDS IN RURAL COMMER-**  
 5                             **CIAL STRUCTURES.**

6             (a) IN GENERAL.—Subpart D of part IV of sub-  
 7 chapter A of chapter 1 of the Internal Revenue Code of  
 8 1986 is amended by adding at the end the following new  
 9 sections:

10    **“SEC. 45S. LEAD HAZARD REDUCTION ACTIVITY.**

11            “(a) ALLOWANCE OF CREDIT.—There shall be al-  
 12 lowed as a credit against the tax imposed by this chapter  
 13 for the taxable year an amount equal to 10 percent of the  
 14 lead hazard reduction activity cost paid or incurred by the  
 15 taxpayer during the taxable year for each eligible commer-  
 16 cial structure.

17            “(b) LIMITATION.—The amount of the credit allowed  
 18 under subsection (a) for any eligible commercial structure  
 19 for any taxable year shall not exceed \$1,000.

20            “(c) DEFINITIONS.—For purposes of this section:

21                “(1) CERTIFIED LEAD ABATEMENT SUPER-  
 22 VISOR.—The term ‘certified lead abatement super-  
 23 visor’ means an individual certified by the Environ-  
 24 mental Protection Agency pursuant to section  
 25 745.226 of title 40, Code of Federal Regulations, or

1 an appropriate State agency pursuant to section  
 2 745.325 of title 40, Code of Federal Regulations.

3 “(2) CERTIFIED INSPECTOR.—The term ‘cer-  
 4 tified inspector’ means an inspector certified by the  
 5 Environmental Protection Agency pursuant to sec-  
 6 tion 745.226 of title 40, Code of Federal Regula-  
 7 tions, or an appropriate State agency pursuant to  
 8 section 745.325 of title 40, Code of Federal Regula-  
 9 tions.

10 “(3) CERTIFIED RISK ASSESSOR.—The term  
 11 ‘certified risk assessor’ means a risk assessor cer-  
 12 tified by the Environmental Protection Agency pur-  
 13 suant to section 745.226 of title 40, Code of Federal  
 14 Regulations, or an appropriate State agency pursu-  
 15 ant to section 745.325 of title 40, Code of Federal  
 16 Regulations.

17 “(4) ELIGIBLE COMMERCIAL STRUCTURE.—The  
 18 term ‘eligible commercial structure’ means, with re-  
 19 spect to any taxable year, any building which is—

20 “(A) within the scope of Standard 90.1–  
 21 2007 (as defined in section 179(c)(2)),

22 “(B) placed in service before 2002, and

23 “(C) located in a rural renewal community  
 24 (as defined in section 45D(f)(4)(C)).

1           “(5) LEAD HAZARD REDUCTION ACTIVITY  
2           COST.—

3           “(A) IN GENERAL.—The term ‘lead hazard  
4           reduction activity cost’ means, with respect to  
5           any eligible commercial structure—

6                   “(i) the cost for a certified risk asses-  
7                   sor to conduct an assessment to determine  
8                   the presence of lead pipes or a lead-based  
9                   paint hazard,

10                   “(ii) the cost for performing lead  
11                   abatement measures by a certified lead  
12                   abatement supervisor, including the re-  
13                   moval of lead pipes, the removal of paint  
14                   and dust, the permanent enclosure or en-  
15                   capsulation of lead-based paint, the re-  
16                   placement of painted surfaces, windows, or  
17                   fixtures, or the removal or permanent cov-  
18                   ering of soil when lead-based paint hazards  
19                   are present in such paint, dust, or soil, and

20                   “(iii) the cost for a certified lead  
21                   abatement supervisor, those working under  
22                   the supervision of such supervisor, or a  
23                   qualified contractor to perform all prepara-  
24                   tion, cleanup, disposal, and clearance test-

1 ing activities associated with the lead  
2 abatement measures.

3 “(B) LIMITATIONS.—

4 “(i) OTHER FUNDING.—The term  
5 ‘lead hazard reduction activity cost’ does  
6 not include any cost to the extent such cost  
7 is funded by any grant, contract, or other-  
8 wise by another person or any govern-  
9 mental agency.

10 “(ii) INITIAL COSTS MUST BE IN-  
11 CURRED BEFORE 2020.—In the case of an  
12 eligible commercial structure for which no  
13 significant lead hazard reduction activity  
14 cost has been incurred before January 1,  
15 2020, the term ‘lead hazard reduction ac-  
16 tivity cost’ shall not include any cost paid  
17 or incurred on or after such date.

18 “(6) LEAD-BASED PAINT HAZARD.—The term  
19 ‘lead-based paint hazard’ has the meaning given  
20 such term by section 745.63 of title 40, Code of  
21 Federal Regulations.

22 “(7) QUALIFIED CONTRACTOR.—The term  
23 ‘qualified contractor’ means a Lead-Safe Certified  
24 Firm or certified renovator under the Lead Renova-

1       tion, Repair and Painting Program of the Environ-  
2       mental Protection Agency.

3       “(d) SPECIAL RULES.—

4               “(1) DOCUMENTATION REQUIRED FOR CREDIT  
5       ALLOWANCE.—No credit shall be allowed under sub-  
6       section (a) with respect to any eligible commercial  
7       structure for any taxable year unless—

8               “(A) after lead hazard reduction activity is  
9       complete, a certified inspector or certified risk  
10      assessor provides written documentation to the  
11      taxpayer that includes—

12               “(i) evidence that the eligible commer-  
13      cial structure meets lead hazard evaluation  
14      criteria established by the Environmental  
15      Protection Agency or under an authorized  
16      State or local program, and

17               “(ii) documentation showing that the  
18      lead hazard reduction activity meets the  
19      requirements of this section, and

20               “(B) the taxpayer files with the appro-  
21      priate State agency and attaches to the tax re-  
22      turn for the taxable year—

23               “(i) the documentation described in  
24      subparagraph (A),



1 “(ii) documentation of the lead hazard  
 2 reduction activity costs paid or incurred  
 3 during the taxable year with respect to the  
 4 eligible commercial structure, and

5 “(iii) a statement certifying that the  
 6 commercial structure qualifies as an eligi-  
 7 ble commercial structure for such taxable  
 8 year.

9 “(2) BASIS REDUCTION.—The basis of any  
 10 property for which a credit is allowable under sub-  
 11 section (a) shall be reduced by the amount of such  
 12 credit.

13 “(3) NO DOUBLE BENEFIT.—Any deduction al-  
 14 lowable for costs taken into account in computing  
 15 the amount of the credit for lead-based paint abate-  
 16 ment shall be reduced by the amount of such credit  
 17 attributable to such costs.

18 **“SEC. 45T. RADON HAZARD REDUCTION ACTIVITY.**

19 “(a) ALLOWANCE OF CREDIT.—There shall be al-  
 20 lowed as a credit against the tax imposed by this chapter  
 21 for the taxable year an amount equal to 10 percent of the  
 22 radon hazard reduction activity cost paid or incurred by  
 23 the taxpayer during the taxable year for each eligible com-  
 24 mercial structure.

1       “(b) LIMITATION.—The amount of the credit allowed  
 2 under subsection (a) for any eligible commercial structure  
 3 for any taxable year shall not exceed \$1,000.

4       “(c) DEFINITIONS.—For purposes of this section:

5           “(1) ELIGIBLE COMMERCIAL STRUCTURE.—The  
 6 term ‘eligible commercial structure’ means, with re-  
 7 spect to any taxable year, any building which is—

8           “(A) within the scope of Standard 90.1–  
 9 2007 (as defined in section 179(c)(2)),

10          “(B) placed in service before 2002, and

11          “(C) located in a rural renewal community  
 12 (as defined in section 45D(f)(4)(C)).

13          “(2) QUALIFIED RADON MEASUREMENT PRO-  
 14 FESSIONAL.—The term ‘qualified radon measure-  
 15 ment professional’ means an individual who has  
 16 demonstrated the minimum degree of appropriate  
 17 technical knowledge and skills specific to radon  
 18 measurement in conformance with the requirements  
 19 of—

20           “(A) a certification standard promulgated  
 21 by the American National Standards Institute  
 22 or International Organization for Standardiza-  
 23 tion,

24           “(B) a State, local or other governmental  
 25 licensing (or equivalent) program, or

1           “(C) any other recognized or accredited  
2           certification process as determined by the Sec-  
3           retary.

4           “(3) QUALIFIED RADON MITIGATION PROFES-  
5           SIONAL.—The term ‘qualified radon mitigation pro-  
6           fessional’ means an individual who has demonstrated  
7           the minimum degree of appropriate technical knowl-  
8           edge and skills specific to radon mitigation in con-  
9           formance with the requirements of—

10           “(A) a certification standard promulgated  
11           by the American National Standards Institute  
12           or International Organization for Standardiza-  
13           tion,

14           “(B) a State, local or other governmental  
15           licensing (or equivalent) program, or

16           “(C) any other recognized or accredited  
17           certification process as determined by the Sec-  
18           retary.

19           “(4) RADON.—The term ‘radon’ has the mean-  
20           ing given the term in section 302 of the Toxic Sub-  
21           stances Control Act (15 U.S.C. 2662).

22           “(5) RADON HAZARD REDUCTION ACTIVITY  
23           COST.—

“(A) IN GENERAL.—The term ‘radon hazard reduction activity cost’ means, with respect to any eligible commercial structure—

“(i) the cost for a qualified radon measurement professional to conduct an assessment to determine the indoor radon level of the commercial structure, and

“(ii) if the indoor radon level of the commercial structure is not less than 2 picocuries per liter of air, as determined by a qualified radon measurement professional, the cost for performing radon abatement measures by a qualified radon mitigation professional.

“(B) LIMITATIONS.—

“(i) OTHER FUNDING.—The term ‘radon hazard reduction activity cost’ does not include any cost to the extent such cost is funded by any grant, contract, or otherwise by another person or any governmental agency.

“(ii) INITIAL COSTS MUST BE INCURRED BEFORE 2020.—In the case of an eligible commercial structure for which no significant radon hazard reduction activity

1 cost has been incurred before January 1,  
 2 2020, the term ‘radon hazard reduction ac-  
 3 tivity cost’ shall not include any cost paid  
 4 or incurred on or after such date.

5 “(d) SPECIAL RULES.—

6 “(1) DOCUMENTATION REQUIRED FOR CREDIT  
 7 ALLOWANCE.—No credit shall be allowed under sub-  
 8 section (a) with respect to any eligible commercial  
 9 structure for any taxable year unless—

10 “(A) after radon hazard reduction activity  
 11 is complete, a qualified radon measurement pro-  
 12 fessional provides written documentation to the  
 13 taxpayer that includes—

14 “(i) evidence that the eligible commer-  
 15 cial structure meets radon hazard evalua-  
 16 tion criteria established under an author-  
 17 ized State or local program, and

18 “(ii) documentation showing that the  
 19 radon hazard reduction activity meets the  
 20 requirements of this section, and

21 “(B) the taxpayer files with the appro-  
 22 priate State agency and attaches to the tax re-  
 23 turn for the taxable year—

24 “(i) the documentation described in  
 25 subparagraph (A),

1                   “(ii) documentation of the radon haz-  
2                   ard reduction activity costs paid or in-  
3                   curred during the taxable year with respect  
4                   to the eligible commercial structure, and

5                   “(iii) a statement certifying that the  
6                   commercial structure qualifies as an eligi-  
7                   ble commercial structure for such taxable  
8                   year.

9                   “(2) BASIS REDUCTION.—The basis of any  
10                  property for which a credit is allowable under sub-  
11                  section (a) shall be reduced by the amount of such  
12                  credit.

13                  “(3) NO DOUBLE BENEFIT.—Any deduction al-  
14                  lowable for costs taken into account in computing  
15                  the amount of the credit for radon abatement shall  
16                  be reduced by the amount of such credit attributable  
17                  to such costs.

18   **“SEC. 45U. ASBESTOS HAZARD REDUCTION ACTIVITY.**

19                  “(a) ALLOWANCE OF CREDIT.—There shall be al-  
20                  lowed as a credit against the tax imposed by this chapter  
21                  for the taxable year an amount equal to 10 percent of the  
22                  asbestos hazard reduction activity cost paid or incurred  
23                  by the taxpayer during the taxable year for each eligible  
24                  commercial structure.

1       “(b) LIMITATION.—The amount of the credit allowed  
 2 under subsection (a) for any eligible commercial structure  
 3 for any taxable year shall not exceed \$1,000.

4       “(c) DEFINITIONS.—For purposes of this section:

5           “(1) ACCREDITED ASBESTOS ABATEMENT CON-  
 6 TRACTOR OR SUPERVISOR.—The term ‘accredited as-  
 7 bestos abatement contractor or supervisor’ means  
 8 any person accredited as a contractor or supervisor  
 9 under the Asbestos Model Accreditation Plan of the  
 10 Environmental Protection Agency.

11          “(2) ACCREDITED ASBESTOS INSPECTOR.—The  
 12 term ‘accredited asbestos inspector’ means any per-  
 13 son accredited as an inspector under the Asbestos  
 14 Model Accreditation Plan of the Environmental Pro-  
 15 tection Agency.

16          “(3) ASBESTOS.—The term ‘asbestos’ has the  
 17 meaning given the term in section 202 of the Toxic  
 18 Substances Control Act (15 U.S.C. 2642).

19          “(4) ASBESTOS HAZARD.—The term ‘asbestos  
 20 hazard’ has the meaning given the term ‘imminent  
 21 hazard to the health and safety’ in section 11 of the  
 22 Asbestos School Hazard Detection and Control Act  
 23 of 1980 (20 U.S.C. 3610).

24          “(5) ASBESTOS HAZARD REDUCTION ACTIVITY  
 25 COST.—

1           “(A) IN GENERAL.—The term ‘asbestos  
2 hazard reduction activity cost’ means, with re-  
3 spect to any eligible commercial structure—

4           “(i) the cost for an accredited asbes-  
5 tos inspector to conduct an assessment to  
6 determine the presence of a asbestos haz-  
7 ard,

8           “(ii) the cost for performing asbestos  
9 abatement measures by an accredited as-  
10 bestos abatement contractor or supervisor,

11           “(iii) the cost for performing interim  
12 asbestos control measures to reduce expo-  
13 sure or likely exposure to asbestos hazards,  
14 but only if such measures are evaluated  
15 and completed by an accredited asbestos  
16 abatement contractor or supervisor using  
17 accepted methods, are conducted by an ac-  
18 credited asbestos abatement contractor or  
19 supervisor, and have an expected useful life  
20 of more than 10 years, and

21           “(iv) the cost for an accredited asbes-  
22 tos abatement supervisor, those working  
23 under the supervision of such supervisor,  
24 or an accredited asbestos abatement con-  
25 tractor or supervisor to perform all prepa-



1           ration, cleanup, disposal, and clearance  
 2           testing activities associated with the asbes-  
 3           tos abatement measures or interim asbes-  
 4           tos control measures.

5           “(B) LIMITATIONS.—

6                   “(i) OTHER FUNDING.—The term ‘as-  
 7           bestos hazard reduction activity cost’ does  
 8           not include any cost to the extent such cost  
 9           is funded by any grant, contract, or other-  
 10          wise by another person or any govern-  
 11          mental agency.

12                   “(ii) INITIAL COSTS MUST BE IN-  
 13          CURRED BEFORE 2020.—In the case of an  
 14          eligible commercial structure for which no  
 15          significant asbestos hazard reduction activ-  
 16          ity cost has been incurred before January  
 17          1, 2020, the term ‘asbestos hazard reduc-  
 18          tion activity cost’ shall not include any cost  
 19          paid or incurred on or after such date.

20           “(6) ELIGIBLE COMMERCIAL STRUCTURE.—The  
 21          term ‘eligible commercial structure’ means, with re-  
 22          spect to any taxable year, any building which is—

23                   “(A) within the scope of Standard 90.1–  
 24          2007 (as defined in section 179(c)(2)),

25                   “(B) placed in service before 2002, and

1 “(C) located in a rural renewal community  
 2 (as defined in section 45D(f)(4)(C)).

3 “(d) SPECIAL RULES.—

4 “(1) DOCUMENTATION REQUIRED FOR CREDIT  
 5 ALLOWANCE.—No credit shall be allowed under sub-  
 6 section (a) with respect to any eligible commercial  
 7 structure for any taxable year unless—

8 “(A) after asbestos hazard reduction activ-  
 9 ity is complete, an accredited asbestos inspector  
 10 provides written documentation to the taxpayer  
 11 that includes—

12 “(i) evidence that the eligible commer-  
 13 cial structure meets asbestos hazard eval-  
 14 uation criteria established under an au-  
 15 thorized State or local program, and

16 “(ii) documentation showing that the  
 17 asbestos hazard reduction activity meets  
 18 the requirements of this section, and

19 “(B) the taxpayer files with the appro-  
 20 priate State agency and attaches to the tax re-  
 21 turn for the taxable year—

22 “(i) the documentation described in  
 23 subparagraph (A),

24 “(ii) documentation of the asbestos  
 25 hazard reduction activity costs paid or in-

1           curred during the taxable year with respect  
 2           to the eligible commercial structure, and  
 3           “(iii) a statement certifying that the  
 4           commercial structure qualifies as an eligi-  
 5           ble commercial structure for such taxable  
 6           year.

7           “(2) BASIS REDUCTION.—The basis of any  
 8           property for which a credit is allowable under sub-  
 9           section (a) shall be reduced by the amount of such  
 10          credit.

11          “(3) NO DOUBLE BENEFIT.—Any deduction al-  
 12          lowable for costs taken into account in computing  
 13          the amount of the credit for asbestos abatement  
 14          shall be reduced by the amount of such credit attrib-  
 15          utable to such costs.”.

16          (b) TECHNICAL AMENDMENTS.—

17           (1) Section 38(b) is amended—

18           (A) in paragraph (35), by striking “plus”  
 19           at the end,

20           (B) in paragraph (36), by striking the pe-  
 21           riod at the end and inserting a comma, and

22           (C) by adding at the end the following new  
 23           paragraphs:

24           “(37) the lead hazard reduction activity credit  
 25           determined under section 45S(a),

1           “(38) the radon hazard reduction activity credit  
2           determined under section 45T(a), plus

3           “(39) the asbestos hazard reduction activity  
4           credit determined under section 45U(a).”.

5           (2) The table of sections for subpart D of part  
6           IV of subchapter A of chapter 1 is amended by add-  
7           ing at the end the following new items:

“Sec. 45S. Lead hazard reduction activity.

“Sec. 45T. Radon hazard reduction activity.

“Sec. 45U. Asbestos hazard reduction activity.”.

8           (c) EFFECTIVE DATE.—The amendments made by  
9           this section shall apply to costs incurred after December  
10          31, 2016, in taxable years ending after that date.

## 11           **Subtitle C—Renewing Rural** 12           **America**

### 13          **SEC. 121. ADDITIONAL NEW MARKETS TAX CREDIT FOR** 14           **RURAL RENEWAL COMMUNITIES.**

15          (a) ALLOCATIONS DESIGNATED FOR RURAL RE-  
16          NEWAL.—Section 45D(f) of the Internal Revenue Code of  
17          1986 is amended by adding at the end the following new  
18          paragraph:

19               “(4) ADDITIONAL LIMITATION FOR RURAL RE-  
20               NEWAL COMMUNITIES.—

21                   “(A) IN GENERAL.—The new markets tax  
22                   credit limitation otherwise determined under  
23                   paragraph (1) shall be increased by  
24                   \$3,500,000,000 for 2017, 2018, and 2019. A

1 qualified community development entity shall be  
2 eligible for an allocation under paragraph (2) of  
3 the increase described in the preceding sentence  
4 only if a significant mission of such entity is  
5 serving, or providing investment capital for,  
6 rural renewal communities.

7 “(B) APPLICATION OF CARRYOVER.—Para-  
8 graph (3) shall be applied separately with re-  
9 spect to the increase provided under this para-  
10 graph.

11 “(C) RURAL RENEWAL COMMUNITY.—For  
12 purposes of this paragraph, the term ‘rural re-  
13 newal community’ means any low-income com-  
14 munity—

15 “(i) which—

16 “(I) has a population of at least  
17 200 people but not more than 25,000  
18 people, and

19 “(II) is not located in a metro-  
20 politan area which has a population of  
21 200,000 or more, or

22 “(ii) which is entirely within an In-  
23 dian reservation (as determined by the  
24 Secretary of the Interior).”.

1 (b) EFFECTIVE DATE.—The amendment made by  
 2 this section shall apply to calendar years beginning after  
 3 December 31, 2016.

## 4 **Subtitle D—Job Creator Credits**

### 5 **SEC. 131. EXPENSING FOR RURAL RENEWAL COMMUNITY** 6 **BUSINESSES.**

7 (a) IN GENERAL.—Part IV of subchapter B of chap-  
 8 ter 1 of the Internal Revenue Code of 1986 is amended  
 9 by inserting after section 179E the following new section:  
 10 **“SEC. 179F. EXPENSING FOR RURAL RENEWAL COMMUNITY**  
 11 **BUSINESSES.**

12 “(a) IN GENERAL.—A rural renewal community busi-  
 13 ness may elect to treat the cost of any qualified property  
 14 as property which is not chargeable to capital account.  
 15 Any cost so treated shall be allowed as a deduction for  
 16 the taxable year in which the qualified property is placed  
 17 in service.

18 “(b) QUALIFIED PROPERTY.—For purposes of this  
 19 section, the term ‘qualified property’ means property—

20 “(1) which is—

21 “(A) tangible property (to which section  
 22 168 applies), or

23 “(B) computer software (as defined in sec-  
 24 tion 197(e)(3)(B)) which is described in section

1           197(e)(3)(A)(i) and to which section 167 ap-  
 2           plies,

3           “(2) which is section 1245 property (as defined  
 4           in section 1245(a)(3)), and

5           “(3) which is acquired by purchase (as defined  
 6           in section 179(d)(2)) for use in the active conduct  
 7           of a trade or business.

8           Such term shall not include any property described in sec-  
 9           tion 50(b).

10          “(c) RURAL RENEWAL COMMUNITY BUSINESS.—For  
 11          purposes of this section—

12                 “(1) IN GENERAL.—The term ‘rural renewal  
 13                 community business’ means—

14                         “(A) any rural renewal community busi-  
 15                         ness entity, and

16                         “(B) any rural renewal community propri-  
 17                         etorship.

18                 “(2) RURAL RENEWAL COMMUNITY BUSINESS  
 19                 ENTITY.—The term ‘rural renewal community busi-  
 20                 ness entity’ means, with respect to any taxable year,  
 21                 any corporation or partnership if for such year—

22                         “(A) every trade or business of such entity  
 23                         is the active conduct of a qualified business  
 24                         within a rural renewal community,

1           “(B) at least 50 percent of the total gross  
2 income of such entity is derived from the active  
3 conduct of such business,

4           “(C) a substantial portion of the use of the  
5 tangible property of such entity (whether owned  
6 or leased) is within an rural renewal commu-  
7 nity,

8           “(D) a substantial portion of the intangible  
9 property of such entity is used in the active  
10 conduct of any such business,

11           “(E) a substantial portion of the services  
12 performed for such entity by its employees are  
13 performed in a rural renewal community,

14           “(F) at least 35 percent of its employees  
15 are residents of a rural renewal community,

16           “(G) less than 5 percent of the average of  
17 the aggregate unadjusted bases of the property  
18 of such entity is attributable to collectibles (as  
19 defined in section 408(m)(2)) other than col-  
20 lectibles that are held primarily for sale to cus-  
21 tomers in the ordinary course of such business,  
22 and

23           “(H) less than 5 percent of the average of  
24 the aggregate unadjusted bases of the property  
25 of such entity is attributable to nonqualified fi-



1           nancial property (as defined in section  
2           1397C(e)).

3           “(3) RURAL RENEWAL COMMUNITY PROPRI-  
4           ETORSHIP.—The term ‘rural renewal community  
5           proprietorship’ means, with respect to any taxable  
6           year, any qualified business carried on by an indi-  
7           vidual as a proprietorship if for such year—

8                   “(A) at least 50 percent of the total gross  
9                   income of such individual from such business is  
10                  derived from the active conduct of such busi-  
11                  ness in a rural renewal community,

12                  “(B) a substantial portion of the use of the  
13                  tangible property of such individual in such  
14                  business (whether owned or leased) is within a  
15                  rural renewal community,

16                  “(C) a substantial portion of the intangible  
17                  property of such business is used in the active  
18                  conduct of such business,

19                  “(D) a substantial portion of the services  
20                  performed for such individual in such business  
21                  by employees of such business are performed in  
22                  a rural renewal community,

23                  “(E) at least 35 percent of such employees  
24                  are residents of a rural renewal community,

1           “(F) less than 5 percent of the average of  
 2           the aggregate unadjusted bases of the property  
 3           of such individual which is used in such busi-  
 4           ness is attributable to collectibles (as defined in  
 5           section 408(m)(2)) other than collectibles that  
 6           are held primarily for sale to customers in the  
 7           ordinary course of such business, and

8           “(G) less than 5 percent of the average of  
 9           the aggregate unadjusted bases of the property  
 10          of such individual which is used in such busi-  
 11          ness is attributable to nonqualified financial  
 12          property.

13          For purposes of this paragraph, the term ‘em-  
 14          ployee’ includes the proprietor.

15          “(4) RURAL RENEWAL COMMUNITY.—The term  
 16          ‘rural renewal community’ has the meaning given  
 17          such term under section 45D(f)(4)(C).

18          “(5) TREATMENT OF BUSINESSES STRADDLING  
 19          CENSUS TRACT LINES.—For purposes of paragraphs  
 20          (2) and (3), rules similar to the rules of section  
 21          1397C(f) shall apply.

22          “(d) SPECIAL RULES.—For purposes of this sec-  
 23          tion—

24                 “(1) COST.—Rules similar to the rules of sec-  
 25          tion 179(d)(3) shall apply.

1           “(2) RECAPTURE.—Rules similar to the rules of  
2           section 179(d)(10) shall apply.

3           “(e) TERMINATION.—This section shall not apply to  
4           property placed in service after December 31, 2019.”.

5           (b) CONFORMING AMENDMENTS.—

6           (1) Section 263(a)(1) of the Internal Revenue  
7           Code of 1986 is amended by striking “or” at the  
8           end of subparagraph (K), by striking the period at  
9           the end of subparagraph (L) and inserting “, or”,  
10          and by adding at the end the following new subpara-  
11          graph:

12                               “(M) expenditures for which a  
13                               deduction is allowed under section  
14                               179F.”.

15          (2) Subparagraph (B) of section 312(k)(3) is  
16          amended by striking “or 179E” each places it ap-  
17          pears and inserting “179E, or 179F”.

18          (3) Paragraphs (2)(C) and (3)(C) of section  
19          1245(a) of such Code are each amended by inserting  
20          “179F,” after “179E,”.

21          (4) The table of contents for part VI of sub-  
22          chapter B of chapter 1 of such Code is amended by  
23          inserting after the item relating to section 179E the  
24          following new item:

“Sec. 179F. Expensing for rural renewal community businesses.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to property placed in service after  
 3 December 31, 2016.

4 **SEC. 132. REDUCED PAYROLL TAXES FOR INDIVIDUALS**  
 5 **AND BUSINESSES IN RURAL RENEWAL COM-**  
 6 **MUNITIES.**

7 (a) IN GENERAL.—

8 (1) EMPLOYEES.—In the case of employment  
 9 during 2017, 2018, and 2019, the rate of tax under  
 10 3101(a) of the Internal Revenue Code of 1986 (in-  
 11 cluding for purposes of determining the applicable  
 12 percentage under sections 3201(a) and 3211(a)(1)  
 13 of such Code) shall be 4.2 percent for any remunera-  
 14 tion received during any period in which the individ-  
 15 ual's principal residence (within the meaning of sec-  
 16 tion 121 of such Code) is located in a rural renewal  
 17 community.

18 (2) EMPLOYERS.—

19 (A) IN GENERAL.—In the case of employ-  
 20 ment during 2017, 2018, and 2019, the rate of  
 21 tax under section 3111(a) of the Internal Rev-  
 22 enue Code of 1986 (including for purposes of  
 23 determining the applicable percentage under  
 24 sections 3221(a) of such Code) for any rural re-  
 25 newal community business entity shall be 4.2

1           percent with respect to remuneration paid for  
2           qualified services.

3           (B) QUALIFIED SERVICES.—For purposes  
4           of this section, the term “qualified services”  
5           means services performed—

6                   (i) in a trade or business of a rural  
7                   renewal community business entity, or

8                   (ii) in the case of a rural renewal  
9                   community business entity exempt from  
10                  tax under section 501(a) of the Internal  
11                  Revenue Code of 1986, in furtherance of  
12                  the activities related to the purpose or  
13                  function constituting the basis of the em-  
14                  ployer’s exemption under section 501 of  
15                  such Code.

16           (3) SELF-EMPLOYED INDIVIDUALS.—In the  
17           case of self-employment income for taxable years be-  
18           ginning in 2017, 2018, or 2019 which is attributable  
19           to a rural renewal community proprietorship, the  
20           rate of tax under section 1401(a) shall be 8.40 per-  
21           cent.

22           (b) DEFINITIONS.—For purposes of this section—

23                   (1) RURAL RENEWAL COMMUNITY.—The term  
24                   “rural renewal community” has the meaning given

1 such term under section 45D(f)(4)(C) of the Inter-  
 2 nal Revenue Code of 1986.

3 (2) RURAL RENEWAL COMMUNITY BUSINESS  
 4 ENTITY.—The term “rural renewal community busi-  
 5 ness entity” has the meaning given such term under  
 6 section 179F(c)(2) of the Internal Revenue Code of  
 7 1986.

8 (3) RURAL RENEWAL COMMUNITY PROPRIETOR-  
 9 SHIP.—The term “rural renewal community propri-  
 10 etorship” has the meaning given such term under  
 11 section 179F(c)(3) of the Internal Revenue Code of  
 12 1986.

13 (c) TRANSFERS OF FUNDS.—

14 (1) TRANSFERS TO FEDERAL OLD-AGE AND  
 15 SURVIVORS INSURANCE TRUST FUND.—There are  
 16 hereby appropriated to the Federal Old-Age and  
 17 Survivors Trust Fund and the Federal Disability In-  
 18 surance Trust Fund established under section 201  
 19 of the Social Security Act (42 U.S.C. 401) amounts  
 20 equal to the reduction in revenues to the Treasury  
 21 by reason of the application of subsection (a).  
 22 Amounts appropriated by the preceding sentence  
 23 shall be transferred from the general fund at such  
 24 times and in such manner as to replicate to the ex-  
 25 tent possible the transfers which would have oc-

1        curred to such Trust Fund had such amendments  
2        not been enacted.

3            (2) TRANSFERS TO SOCIAL SECURITY EQUIVA-  
4        LENT BENEFIT ACCOUNT.—There are hereby appro-  
5        priated to the Social Security Equivalent Benefit Ac-  
6        count established under section 15A(a) of the Rail-  
7        road Retirement Act of 1974 (45 U.S.C. 231n–1(a))  
8        amounts equal to the reduction in revenues to the  
9        Treasury by reason of the application of paragraphs  
10       (1) and (2) of subsection (a). Amounts appropriated  
11       by the preceding sentence shall be transferred from  
12       the general fund at such times and in such manner  
13       as to replicate to the extent possible the transfers  
14       which would have occurred to such Account had  
15       such amendments not been enacted.

16           (3) COORDINATION WITH OTHER FEDERAL  
17        LAWS.—For purposes of applying any provision of  
18        Federal law other than the provisions of the Internal  
19        Revenue Code of 1986, the rate of tax in effect  
20        under section 3101(a) shall be determined without  
21        regard to the reduction in such rate under this sec-  
22        tion.

## **Subtitle E—Encouraging Small Business Start Ups**

### **SEC. 141. RENEWAL COMMUNITY BUSINESS START-UP SAV- INGS ACCOUNTS.**

(a) IN GENERAL.—Part VIII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by redesignating section 224 as section 225 and inserting after section 223 the following new section:

### **“SEC. 224. RENEWAL COMMUNITY BUSINESS START-UP SAV- INGS ACCOUNTS.**

“(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to amount of contributions made to the rural renewal community business start-up savings account of such individual.

“(b) RURAL RENEWAL COMMUNITY BUSINESS START-UP SAVINGS ACCOUNT.—The term ‘rural renewal community business start-up savings account’ means a trust created or organized in the United States exclusively for the purpose of paying the eligible costs of the individual who is the designated beneficiary of the trust (and designated as a renewal community business start-up savings account at the time created or organized), but only if the written governing instrument creating the trust meets the following requirements:



1           “(1) Except in the case of a rollover contribu-  
2           tion described in subsection (d)(4), no contribution  
3           will be accepted unless it is in cash, and contribu-  
4           tions will not be accepted if such contribution would  
5           result in aggregate contributions to all rural renewal  
6           community business start-up savings account of the  
7           individual for such taxable year and all prior taxable  
8           years exceeding \$50,000.

9           “(2) The trustee is a bank (as defined in sec-  
10          tion 408(n)) or such other person who demonstrates  
11          to the satisfaction of the Secretary that the manner  
12          in which such other person will administer the trust  
13          will be consistent with the requirements of this sec-  
14          tion.

15          “(3) No part of the trust funds will be invested  
16          in life insurance contracts.

17          “(4) The assets of the trust will not be commin-  
18          gled with other property except in a common trust  
19          fund or common investment fund.

20          “(c) TAX TREATMENT OF ACCOUNTS.—

21          “(1) IN GENERAL.—A rural renewal community  
22          business start-up savings account shall be exempt  
23          from taxation under this subtitle. Notwithstanding  
24          the preceding sentence, the renewal community busi-  
25          ness start-up savings account shall be subject to the

1 taxes imposed by section 511 (relating to imposition  
 2 of tax on unrelated business income of charitable or-  
 3 ganizations).

4 “(2) ACCOUNT TERMINATIONS.—Rules similar  
 5 to the rules of paragraphs (2) and (4) of section  
 6 408(e) shall apply to rural renewal community busi-  
 7 ness start-up savings accounts, and any amount  
 8 treated as distributed under such rules shall be  
 9 treated as not used to pay for eligible costs.

10 “(d) TAX TREATMENT OF DISTRIBUTIONS.—

11 “(1) QUALIFIED DISTRIBUTIONS.—

12 “(A) IN GENERAL.—Any qualified distribu-  
 13 tion from a rural renewal community business  
 14 start-up savings account shall not be included  
 15 in gross income.

16 “(B) QUALIFIED DISTRIBUTION.—For  
 17 purposes of this section, the term ‘qualified dis-  
 18 tribution’ means the amount of any payment or  
 19 distribution made from a rural renewal commu-  
 20 nity business start-up savings account during  
 21 the taxable year to the extent that such dis-  
 22 tribution does not exceed the lesser of—

23 “(i) the eligible costs paid or incurred  
 24 by the taxpayer during the taxable year  
 25 which are made not later than the last day

1 of the 5th taxable year beginning after the  
 2 initial distribution from the account, or

3 “(ii) \$50,000.

4 For purposes of clause (i), a taxpayer shall be  
 5 treated as having paid or incurred the tax-  
 6 payer’s allocable share of eligible costs of any  
 7 entity in which the taxpayer directly holds stock  
 8 or a capital or profits interest.

9 “(C) ELIGIBLE COSTS.—

10 “(i) IN GENERAL.—For purposes of  
 11 this section, the term ‘eligible costs’ means  
 12 costs paid or incurred by the taxpayer with  
 13 respect to the designated rural renewal  
 14 community business of the taxpayer for op-  
 15 erating capital, the purchase of equipment  
 16 or facilities, marketing, training, incorpo-  
 17 ration, and accounting fees.

18 “(ii) DESIGNATED RURAL RENEWAL  
 19 COMMUNITY BUSINESS.—For purposes of  
 20 clause (i), the term ‘designated rural re-  
 21 newal community business’ means—

22 “(I) any rural renewal commu-  
 23 nity business entity (as defined in sec-  
 24 tion 179F(c)) in which the taxpayer is  
 25 a shareholder or partner and which is

1 designated by the taxpayer for pur-  
2 poses of this section, or

3 “(II) any rural renewal commu-  
4 nity proprietorship of which the tax-  
5 payer is the owner and which is des-  
6 ignated by the taxpayer for purposes  
7 of this section.

8 Any designation made under this clause,  
9 once made, may not be revoked.

10 “(D) DISALLOWANCE OF EXCLUDED  
11 AMOUNTS AS DEDUCTION, CREDIT, OR EXCLU-  
12 SION.—No deduction, credit, or exclusion shall  
13 be allowed to the taxpayer under any other sec-  
14 tion of this chapter for any qualified distribu-  
15 tion to the extent taken into account in deter-  
16 mining the amount of the exclusion under this  
17 paragraph.

18 “(2) NONQUALIFIED DISTRIBUTIONS.—

19 “(A) IN GENERAL.—Any amount paid or  
20 distributed out of a rural renewal community  
21 business start-up savings account which is not  
22 a qualified distribution, including any amount  
23 paid out pursuant to a termination of such an  
24 account, shall be included in the gross income  
25 of the taxpayer as provided in section 72.

1           “(B) TREATMENT OF AMOUNTS REMAIN-  
2           ING IN ACCOUNT.—Any remaining amount in a  
3           small business start-up savings account fol-  
4           lowing the date described in paragraph  
5           (1)(B)(i) shall be treated as distributed during  
6           the taxable year following such date and such  
7           distribution shall not be treated as a qualified  
8           distribution.

9           “(C) ADDITIONAL TAX.—

10           “(i) IN GENERAL.—The tax imposed  
11           by this chapter on the account beneficiary  
12           for any taxable year in which there is a  
13           payment or distribution from a rural re-  
14           newal community business start-up savings  
15           account of such beneficiary which is includ-  
16           ible in income under subparagraph (A)  
17           shall be increased by 10 percent of the  
18           amount which is so includible.

19           “(ii) EXCEPTION.—Clause (i) shall  
20           not apply if the payment or distribution is  
21           made after the account beneficiary be-  
22           comes disabled within the meaning of sec-  
23           tion 72(m)(7) or dies.

24           “(3) EXCESS CONTRIBUTIONS RETURNED BE-  
25           FORE DUE DATE OF RETURN.—

1           “(A) IN GENERAL.—If any excess con-  
 2           tribution is contributed for a taxable year to  
 3           any rural renewal community business start-up  
 4           savings account of an individual, paragraph (2)  
 5           shall not apply to distributions from the rural  
 6           renewal community business start-up savings  
 7           accounts of such individual (to the extent such  
 8           distributions do not exceed the aggregate excess  
 9           contributions to all such accounts of such indi-  
 10          vidual for such year) if—

11                   “(i) such distribution is received by  
 12                   the individual on or before the last day  
 13                   prescribed by law (including extensions of  
 14                   time) for filing such individual’s return for  
 15                   such taxable year, and

16                   “(ii) such distribution is accompanied  
 17                   by the amount of net income attributable  
 18                   to such excess contribution.

19           “(B) EXCESS CONTRIBUTION.—For pur-  
 20           poses of subparagraph (A), the term ‘excess  
 21           contribution’ means any contribution (other  
 22           than a rollover contribution described in para-  
 23           graph (4)) which when added to all previous  
 24           contributions for the taxable year exceeds the

1 amount allowable as a contribution under sub-  
2 section (b)(1).

3 “(4) ROLLOVER CONTRIBUTION.—Paragraph  
4 (2) shall not apply to any amount paid or distrib-  
5 uted from a rural renewal community business start-  
6 up savings account to the account beneficiary to the  
7 extent the amount received is paid into a rural re-  
8 newal community business start-up savings account  
9 for the benefit of such beneficiary not later than the  
10 60th day after the day on which the beneficiary re-  
11 ceives the payment or distribution. For purposes of  
12 this paragraph, rules similar to the rules of section  
13 408(d)(3)(D) shall apply.

14 “(5) TRANSFER OF ACCOUNT INCIDENT TO DI-  
15 VORCE.—The transfer of an individual’s interest in  
16 a rural renewal community business start-up savings  
17 account to an individual’s spouse or former spouse  
18 under a divorce or separation instrument described  
19 in subparagraph (A) of section 71(b)(2) shall not be  
20 considered a taxable transfer made by such indi-  
21 vidual notwithstanding any other provision of this  
22 subtitle, and such interest shall, after such transfer,  
23 be treated as a rural renewal community business  
24 start-up savings account with respect to which such  
25 spouse is the account beneficiary.

1           “(6) TREATMENT AFTER DEATH OF ACCOUNT  
2 BENEFICIARY.—

3           “(A) TREATMENT IF DESIGNATED BENE-  
4 FICIARY IS SPOUSE.—If the account bene-  
5 ficiary’s surviving spouse acquires such bene-  
6 ficiary’s interest in a rural renewal community  
7 business start-up savings account by reason of  
8 being the designated beneficiary of such ac-  
9 count at the death of the account beneficiary,  
10 such account shall be treated as if the spouse  
11 were the account beneficiary.

12           “(B) OTHER CASES.—

13           “(i) IN GENERAL.—If, by reason of  
14 the death of the account beneficiary, any  
15 person acquires the account beneficiary’s  
16 interest in a rural renewal community  
17 business start-up savings account in a case  
18 to which subparagraph (A) does not  
19 apply—

20           “(I) such account shall cease to  
21 be a rural renewal community busi-  
22 ness start-up savings account as of  
23 the date of death, and

24           “(II) an amount equal to the fair  
25 market value of the assets in such ac-



1 count on such date shall be includible,  
2 if such person is not the estate of  
3 such beneficiary, in such person's  
4 gross income for the taxable year  
5 which includes such date, or if such  
6 person is the estate of such bene-  
7 ficiary, in such beneficiary's gross in-  
8 come for the last taxable year of such  
9 beneficiary.

10 “(ii) SPECIAL RULES.—

11 “(I) REDUCTION OF INCLUSION  
12 FOR PREDEATH EXPENSES.—The  
13 amount includible in gross income  
14 under clause (i) by any person (other  
15 than the estate) shall be reduced by  
16 the amount of qualified distributions  
17 which were paid or incurred by the  
18 decedent before the date of the dece-  
19 dent's death and paid by such person  
20 within 1 year after such date.

21 “(II) DEDUCTION FOR ESTATE  
22 TAXES.—An appropriate deduction  
23 shall be allowed under section 691(c)  
24 to any person (other than the dece-  
25 dent or the decedent's spouse) with

1                   respect to amounts included in gross  
2                   income under clause (i) by such per-  
3                   son.

4           “(e) COMMUNITY PROPERTY LAWS.—This section  
5 shall be applied without regard to any community property  
6 laws.

7           “(f) REPORTS.—The trustee of a rural renewal com-  
8 munity business start-up savings account shall make such  
9 reports regarding such account to the Secretary and to  
10 the individual for whom the account is, or is to be, main-  
11 tained with respect to contributions (and the years to  
12 which they relate) and distributions aggregating \$10 or  
13 more in any calendar year, and such other matters as the  
14 Secretary may require. The reports required by this sub-  
15 section—

16                   “(1) shall be filed at such time and in such  
17 manner as the Secretary prescribes, and

18                   “(2) shall be furnished to individuals—

19                           “(A) not later than January 31 of the cal-  
20 endar year following the calendar year to which  
21 such reports relate, and

22                           “(B) in such manner as the Secretary pre-  
23 scribes.

24           “(g) REGULATIONS.—The Secretary shall issue such  
25 regulations or other guidance as may be necessary to carry

1 out this section, including for purposes of subsection  
 2 (d)(1)(B)(i) the making reports by regarding eligible costs  
 3 of an entity in which the taxpayer directly holds stock or  
 4 a capital or profits interest.”.

5 (b) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL  
 6 ITEMIZES DEDUCTIONS.—Section 62(a) of the Internal Revenue  
 7 Code of 1986 is amended by inserting  
 8 after paragraph (21) the following new paragraph:

9 “(22) RURAL RENEWAL COMMUNITY BUSINESS  
 10 START-UP SAVINGS ACCOUNTS.—The deduction allowed  
 11 by section 224.”.

12 (c) TAX ON PROHIBITED TRANSACTIONS.—

13 (1) IN GENERAL.—Paragraph (1) of section  
 14 4975(e) of the Internal Revenue Code of 1986 is  
 15 amended by striking “or” at the end of subparagraph  
 16 (F), by redesignating subparagraph (G) as  
 17 subparagraph (H), and by inserting after subparagraph  
 18 (F) the following new subparagraph:

19 “(G) a rural renewal community business  
 20 start-up savings account described in section  
 21 224, or”.

22 (2) SPECIAL RULE.—Subsection (c) of section  
 23 4975 of such Code is amended by adding at the end  
 24 of subsection (c) the following new paragraph:

1           “(7) SPECIAL RULE FOR RURAL RENEWAL COM-  
 2           MUNITY BUSINESS START-UP SAVINGS ACCOUNTS.—  
 3           An individual for whose benefit a rural renewal com-  
 4           munity business start-up savings account is estab-  
 5           lished and any contributor to such account shall be  
 6           exempt from the tax imposed by this section with re-  
 7           spect to any transaction concerning such account  
 8           (which would otherwise be taxable under this sec-  
 9           tion) if section 224(d)(2) applies with respect to  
 10          such transaction.”.

11          (d) FAILURE TO PROVIDE REPORTS ON RURAL RE-  
 12          NEWAL COMMUNITY BUSINESS START-UP SAVINGS AC-  
 13          COUNTS.—Paragraph (2) of section 6693(a) of the Inter-  
 14          nal Revenue Code of 1986 is amended by redesignating  
 15          subparagraphs (D), (E), and (F) as subparagraphs (E),  
 16          (F), and (G), respectively, and by inserting after subpara-  
 17          graph (C) the following new subparagraph:

18                   “(D) section 224(f) (relating to rural re-  
 19                   newal community business start-up savings ac-  
 20                   counts),”.

21          (e) EXCESS CONTRIBUTIONS.—Section 4973 of the  
 22          Internal Revenue Code of 1986 is amended—

23                   (1) in subsection (a), by striking “or” at the  
 24                   end of paragraph (5), by inserting “or” at the end

1 of paragraph (6), and inserting after paragraph (6)  
 2 the following new paragraph:

3 “(7) a rural renewal community business start-  
 4 up savings account (within the meaning of section  
 5 224(c)),”, and

6 (2) by adding at the end the following new sub-  
 7 section:

8 “(i) EXCESS CONTRIBUTIONS TO RURAL RENEWAL  
 9 COMMUNITY BUSINESS START-UP SAVINGS ACCOUNTS.—

10 For purposes of this section, in the case of contributions  
 11 to a rural renewal community business start-up savings  
 12 account (within the meaning of section 224(b)), the term  
 13 ‘excess contributions’ means the sum of—

14 “(1) the excess (if any) of—

15 “(A) the amount contributed for the tax-  
 16 able year to such accounts (other than a roll-  
 17 over contribution described in section  
 18 224(d)(4)), over

19 “(B) the amount allowable as a contribu-  
 20 tion under section 224(b)(1), and

21 “(2) the amount determined under this sub-  
 22 section for the preceding taxable year, reduced by  
 23 the sum of—

24 “(A) the distributions out of the accounts  
 25 for the taxable year, and

1           “(B) the excess (if any) of the maximum  
 2           amount allowable as a contribution under sec-  
 3           tions 224(b)(1) for the taxable year over the  
 4           amount contributed to the accounts for the tax-  
 5           able year.

6           For purposes of this subsection, any contribution  
 7           which is distributed from a rural renewal community  
 8           business start-up savings account in a distribution  
 9           described in section 224(d)(3) shall be treated as an  
 10          amount not contributed.”.

11          (f) CLERICAL AMENDMENT.—The table of contents  
 12          for part VIII of subchapter B of chapter 1 of such Code  
 13          is amended by redesignating the item relating to section  
 14          224 as relating to section 225 and by inserting after the  
 15          item relating to section 223 the following new item:

          “Sec. 224. Rural renewal community business start-up savings accounts.”.

16          (g) EFFECTIVE DATE.—The amendments made by  
 17          this section shall apply to taxable years beginning after  
 18          December 31, 2016.

## 19       **TITLE       II—SETTING       RURAL** 20       **AMERICA FREE FROM OVER-** 21       **REGULATION**

### 22       **SEC. 201. SHORT TITLE.**

23          This title may be cited as the “Reducing Excessive  
 24          Government in Rural America Act of 2016”.

1 **SEC. 202. REDUCING EXCESSIVE GOVERNMENT IN RURAL**  
2 **AMERICA.**

3 (a) DEFINITIONS.—In this section—

4 (1) the term “cost to rural America” with re-  
5 spect to a rule, means all costs incurred by, and ex-  
6 penditures required of, individuals and entities lo-  
7 cated in a rural area in complying with the rule;

8 (2) the term “joint resolution” means a joint  
9 resolution—

10 (A) reported by the Committee on the  
11 Budget of the Senate or the House of Rep-  
12 resentatives in accordance with subsection  
13 (b)(3);

14 (B) which does not have a preamble;

15 (C) the title of which is as follows: “Joint  
16 resolution relating to repeal of costly rules for  
17 rural America.”;

18 (D) the matter after the resolving clause of  
19 which is as follows: “That the following rules  
20 shall have no force or effect:  
21 \_\_\_\_\_.”, the blank space being filled  
22 in with the list of major rules affecting rural  
23 America recommended to be repealed under  
24 subsection (b) by the committees of the House  
25 in which the joint resolution is reported; and

1 (E) that will result in a reduction of the  
 2 cost to rural America of all rules of not less  
 3 than 10 percent during the 10-fiscal-year period  
 4 beginning with the next full fiscal year;

5 (3) the term “major rule affecting rural Amer-  
 6 ica” means a rule having or likely to result in an an-  
 7 nual cost to rural America of not less than  
 8 \$100,000,000;

9 (4) the term “rule” has the meaning given that  
 10 term in section 804 of title 5, United States Code;  
 11 and

12 (5) the term “rural area” means an area that—

13 (A) has a population of not less than 200  
 14 individuals and not more than 25,000 individ-  
 15 uals; and

16 (B) is not located with a metropolitan sta-  
 17 tistical area which has a population of more  
 18 than 200,000 individuals.

19 (b) ACTION BY COMMITTEES.—

20 (1) IN GENERAL.—Not later than 6 months  
 21 after the date of enactment of this Act, each com-  
 22 mittee of the Senate and the House of Representa-  
 23 tives shall submit to the Committee on the Budget  
 24 of its House a list of the rules that—



1 (A) are within the jurisdiction of the com-  
 2 mittee;

3 (B) the committee determines are major  
 4 rules affecting rural America; and

5 (C) the committee recommends should be  
 6 repealed.

7 (2) CONSIDERATIONS.—In determining whether  
 8 to recommend repealing major rules affecting rural  
 9 America within its jurisdiction, a committee of the  
 10 Senate or the House of Representatives shall con-  
 11 sider—

12 (A) whether the major rule affecting rural  
 13 America achieved, or has been ineffective in  
 14 achieving, the original purpose of the major  
 15 rule affecting rural America;

16 (B) any adverse effects that could mate-  
 17 rialize if the major rule affecting rural America  
 18 is repealed, in particular if those adverse effects  
 19 are the reason the major rule affecting rural  
 20 America was originally enacted;

21 (C) whether the costs of the major rule af-  
 22 fecting rural America outweigh any benefits of  
 23 the major rule affecting rural America to the  
 24 United States;

1 (D) whether the major rule affecting rural  
 2 America has become obsolete due to changes in  
 3 technology, economic conditions, market prac-  
 4 tices, or any other factors; and

5 (E) whether the major rule affecting rural  
 6 America overlaps with another rule.

7 (3) COMBINING OF RECOMMENDATIONS.—The  
 8 Committee on the Budget of the Senate and the  
 9 Committee on the Budget of the House of Rep-  
 10 resentatives, upon receiving recommendations from  
 11 all relevant committees under paragraph (1), shall  
 12 report to its House a joint resolution carrying out all  
 13 such recommendations without any substantive revi-  
 14 sion, if the committee determines the joint resolution  
 15 meets the requirement under subsection (a)(2)(E).

16 (c) EXPEDITED PROCEDURES.—

17 (1) CONSIDERATION IN HOUSE OF REPRESENT-  
 18 ATIVES.—

19 (A) PLACEMENT ON CALENDAR.—Upon a  
 20 joint resolution being reported by the Com-  
 21 mittee on the Budget of the House of Rep-  
 22 resentatives, or upon receipt of a joint resolu-  
 23 tion from the Senate, the joint resolution shall  
 24 be placed immediately on the calendar.

25 (B) PROCEEDING TO CONSIDERATION.—

1 (i) IN GENERAL.—It shall be in order,  
2 not later than 60 days after the date on  
3 which a joint resolution is reported by the  
4 Committee on the Budget of the House of  
5 Representatives, to move to proceed to con-  
6 sider a joint resolution in the House of  
7 Representatives.

8 (ii) PROCEDURE.—For a motion to  
9 proceed to consider a joint resolution—

10 (I) all points of order against the  
11 motion are waived;

12 (II) such a motion shall not be in  
13 order after the House of Representa-  
14 tives has disposed of a motion to pro-  
15 ceed to the joint resolution;

16 (III) the previous question shall  
17 be considered as ordered on the mo-  
18 tion to its adoption without inter-  
19 vening motion;

20 (IV) the motion shall not be de-  
21 batable; and

22 (V) a motion to reconsider the  
23 vote by which the motion is disposed  
24 of shall not be in order.

1 (C) CONSIDERATION.—The House of Rep-  
2 resentatives shall establish rules for consider-  
3 ation of a joint resolution in the House of Rep-  
4 resentatives.

5 (2) EXPEDITED CONSIDERATION IN SENATE.—

6 (A) PLACEMENT ON CALENDAR.—Upon a  
7 joint resolution being reported by the Com-  
8 mittee on the Budget of the Senate, or upon re-  
9 ceipt of a joint resolution from the House of  
10 Representatives, the joint resolution shall be  
11 placed immediately on the calendar.

12 (B) PROCEEDING TO CONSIDERATION.—

13 (i) IN GENERAL.—Notwithstanding  
14 rule XXII of the Standing Rules of the  
15 Senate, it is in order, not later than 60  
16 days after the date on which a joint resolu-  
17 tion is reported by the Committee on the  
18 Budget of the Senate (even though a pre-  
19 vious motion to the same effect has been  
20 disagreed to) to move to proceed to the  
21 consideration of a joint resolution.

22 (ii) PROCEDURE.—For a motion to  
23 proceed to the consideration of a joint res-  
24 olution—

1 (I) all points of order against the  
2 motion are waived;

3 (II) the motion is not debatable;

4 (III) the motion is not subject to  
5 a motion to postpone;

6 (IV) a motion to reconsider the  
7 vote by which the motion is agreed to  
8 or disagreed to shall not be in order;  
9 and

10 (V) if the motion is agreed to,  
11 the joint resolution shall remain the  
12 unfinished business until disposed of.

13 (C) FLOOR CONSIDERATION GEN-  
14 ERALLY.—If the Senate proceeds to consider-  
15 ation of a joint resolution—

16 (i) all points of order against the joint  
17 resolution (and against consideration of  
18 the joint resolution) are waived;

19 (ii) consideration of the joint resolu-  
20 tion, and all amendments thereto and de-  
21 batable motions and appeals in connection  
22 therewith, shall be limited to not more  
23 than 10 hours, which shall be divided  
24 equally between the majority and minority  
25 leaders or their designees;

1 (iii) a motion to postpone or a motion  
 2 to commit the joint resolution is not in  
 3 order; and

4 (iv) a motion to proceed to the consid-  
 5 eration of other business is not in order.

6 (D) REQUIREMENTS FOR AMENDMENTS.—

7 (i) IN GENERAL.—No amendment  
 8 that is not germane to the provisions of a  
 9 joint resolution shall be considered.

10 (ii) REPEAL OF MAJOR RULES AF-  
 11 FECTING RURAL AMERICA.—Notwith-  
 12 standing clause (i) or any other rule, an  
 13 amendment or series of amendments to a  
 14 joint resolution shall always be in order if  
 15 such amendment or series of amendments  
 16 proposes to repeal a major rule affecting  
 17 rural America that would result in a de-  
 18 crease in the total cost to rural America of  
 19 all rules during the 10-fiscal-year period  
 20 beginning with the next full fiscal year.

21 (E) VOTE ON PASSAGE.—The vote on pas-  
 22 sage shall occur immediately following the con-  
 23 clusion of the consideration of a joint resolu-  
 24 tion, and a single quorum call at the conclusion

1 of the debate if requested in accordance with  
 2 the rules of the Senate.

3 (F) RULINGS OF THE CHAIR ON PROCE-  
 4 DURE.—Appeals from the decisions of the Chair  
 5 relating to the application of this subsection or  
 6 the rules of the Senate, as the case may be, to  
 7 the procedure relating to a joint resolution shall  
 8 be decided without debate.

9 (3) CONSIDERATION AFTER PASSAGE.—If the  
 10 President vetoes the joint resolution, consideration  
 11 of a veto message in the Senate under this section  
 12 shall be not more than 2 hours equally divided be-  
 13 tween the majority and minority leaders or their des-  
 14 ignees.

15 (4) RULES OF HOUSE OF REPRESENTATIVES  
 16 AND SENATE.—This subsection is enacted by Con-  
 17 gress—

18 (A) as an exercise of the rulemaking power  
 19 of the Senate and House of Representatives, re-  
 20 spectively, and as such is deemed a part of the  
 21 rules of each House, respectively, but applicable  
 22 only with respect to the procedure to be fol-  
 23 lowed in that House in the case of a joint reso-  
 24 lution, and supersede other rules only to the ex-

1           tent that they are inconsistent with such rules;  
2           and

3                   (B) with full recognition of the constitu-  
4           tional right of either House to change the rules  
5           (so far as relating to the procedure of that  
6           House) at any time, in the same manner, and  
7           to the same extent as in the case of any other  
8           rule of that House.

9           (d) EFFECT OF JOINT RESOLUTION.—

10                   (1) IN GENERAL.—A major rule affecting rural  
11           America shall cease to have force or effect if Con-  
12           gress enacts a joint resolution repealing the major  
13           rule affecting rural America.

14                   (2) LIMITATION ON SUBSEQUENT RULE-  
15           MAKING.—A rule that ceases to have force or effect  
16           under paragraph (1) may not be reissued in substan-  
17           tially the same form, and a new rule that is substan-  
18           tially the same as such a rule may not be issued, un-  
19           less the reissued or new rule is specifically author-  
20           ized by a law enacted after the date of the joint res-  
21           olution repealing the original rule.

○