

115TH CONGRESS
1ST SESSION

H. R. 2293

To amend the Internal Revenue Code of 1986 for purposes of the tax on private foundation excess business holdings to treat as outstanding any employee-owned stock purchased by a business enterprise pursuant to certain employee stock ownership retirement plans.

IN THE HOUSE OF REPRESENTATIVES

MAY 2, 2017

Mr. HOLDING (for himself and Mr. LEVIN) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 for purposes of the tax on private foundation excess business holdings to treat as outstanding any employee-owned stock purchased by a business enterprise pursuant to certain employee stock ownership retirement plans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. CERTAIN PURCHASES OF EMPLOYEE-OWNED**
2 **STOCK DISREGARDED FOR PURPOSES OF**
3 **FOUNDATION TAX ON EXCESS BUSINESS**
4 **HOLDINGS.**

5 (a) IN GENERAL.—Section 4943(c)(4)(A) of the In-
6 ternal Revenue Code of 1986 is amended by adding at the
7 end the following new clause:

8 “(v) CERTAIN PURCHASES OF EM-
9 PLOYEE-OWNED STOCK DISREGARDED.—
10 For purposes of clause (i), subparagraph
11 (D), and paragraph (2), any voting stock
12 which—

13 “(I) is not readily tradable on an
14 established securities market,

15 “(II) is purchased by the busi-
16 ness enterprise on or after January 1,
17 2005, from a stock bonus or profit
18 sharing plan described in section
19 401(a) in which employees of such
20 business enterprise participate, in con-
21 nection with a distribution from such
22 plan, and

23 “(III) is held by the business en-
24 terprise as treasury stock, cancelled,
25 or retired,

1 shall be treated as outstanding voting
2 stock, but only to the extent so treating
3 such stock would not result in permitted
4 holdings exceeding 49 percent (determined
5 without regard to this clause). The pre-
6 ceding sentence shall not apply with re-
7 spect to the purchase of stock from a plan
8 during the 10-year period beginning on the
9 date the plan is established.”.

10 (b) EFFECTIVE DATE.—

11 (1) IN GENERAL.—The amendments made by
12 this section shall apply to taxable years ending after
13 the date of enactment of this Act and to purchases
14 by a business enterprise of voting stock in taxable
15 years beginning before, on, or after the date of en-
16 actment of this Act.

17 (2) SPECIAL RULE FOR GRANDFATHERED
18 FOUNDATIONS IN CASE OF DECREASE IN OWNER-
19 SHIP BY REASON OF PRE-ENACTMENT PUR-
20 CHASES.—Section 4943(c)(4)(A)(ii) of such Code
21 shall not apply with respect to any decrease in the
22 percentage of holdings in a business enterprise by
23 reason of section 4943(c)(4)(A)(v) of such Code (as
24 added by this Act).

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