

115TH CONGRESS
2D SESSION

H. R. 6329

To amend the Internal Revenue Code of 1986 to exclude from the value of taxable estates bequests to certain exempt organizations.

IN THE HOUSE OF REPRESENTATIVES

JULY 10, 2018

Mrs. NOEM (for herself and Mr. SMITH of Missouri) 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 the value of taxable estates bequests to certain exempt organizations.

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 “Family Business Leg-
5 acy Act of 2018”.

1 **SEC. 2. EXCLUSION OF BEQUESTS TO CERTAIN EXEMPT OR-**
 2 **GANIZATIONS FROM VALUE OF TAXABLE ES-**
 3 **TATE.**

4 (a) IN GENERAL.—Part IV of subchapter A of chap-
 5 ter 11 of the Internal Revenue Code of 1986 is amended
 6 by adding at the end the following new section:

7 **“SEC. 2059. BEQUESTS TO CERTAIN EXEMPT ORGANIZA-**
 8 **TIONS.**

9 “(a) IN GENERAL.—For purposes of the tax imposed
 10 by section 2001, the value of the taxable estate shall be
 11 determined by deducting from the value of the gross estate
 12 the amount of all bequests, devises, or transfers to or for
 13 the use of any organization exempt from tax under section
 14 501(a) and described in paragraph (4), (5), or (6) of sec-
 15 tion 501(c).

16 “(b) POWERS OF APPOINTMENT.—Property includ-
 17 ible in the decedent’s gross estate under section 2041 (re-
 18 lating to powers of appointment) received by a donee de-
 19 scribed in this section shall, for purposes of this section,
 20 be considered a bequest of such decedent.

21 “(c) DEATH TAXES PAYABLE OUT OF BEQUESTS.—
 22 If the tax imposed by section 2001, or any estate, succes-
 23 sion, legacy, or inheritance taxes, are, either by the terms
 24 of the will, by the law of the jurisdiction under which the
 25 estate is administered, or by the law of the jurisdiction
 26 imposing the particular tax, payable in whole or in part

1 out of the bequests, legacies, or devises otherwise deduct-
 2 ible under this section, then the amount deductible under
 3 this section shall be the amount of such bequests, legacies,
 4 or devises reduced by the amount of such taxes.

5 “(d) LIMITATION ON DEDUCTION.—The amount of
 6 the deduction under this section for any transfer shall not
 7 exceed the value of the transferred property required to
 8 be included in the gross estate.

9 “(e) DISALLOWANCE OF DEDUCTIONS IN CERTAIN
 10 CASES.—Where an interest in property (other than an in-
 11 terest described in section 170(f)(3)(B)) passes or has
 12 passed from the decedent to a person, or for a use, de-
 13 scribed in subsection (a), and an interest (other than an
 14 interest which is extinguished upon the decedent’s death)
 15 in the same property passes or has passed (for less than
 16 an adequate and full consideration in money or money’s
 17 worth) from the decedent to a person, or for a use, not
 18 described in subsection (a), no deduction shall be allowed
 19 under this section for the interest which passes or has
 20 passed to the person, or for the use, described in sub-
 21 section (a) unless such interest, whether in the form of
 22 a remainder interest, lead interest, or any other interest,
 23 is in the form of qualified interest (within the meaning
 24 of section 2702(b)) and valued under the rules of section
 25 7520.”.

1 (b) CONFORMING AMENDMENT.—The table of sec-
2 tions for part IV of subchapter A of chapter 11 is amend-
3 ed by inserting at the end the following new item:

“Sec. 2059. Bequests to certain exempt organizations.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 the section shall apply to estates of decedents dying or
6 bequests, devises, or transfers made after December 31,
7 2018.

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