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116TH CONGRESS
2D SESSION

H. R. 8842

To amend the Internal Revenue Code of 1986 to limit the charitable deduction for certain qualified conservation contributions.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 2, 2020

Mr. THOMPSON of California (for himself and Mr. KELLY of Pennsylvania) 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 limit the charitable deduction for certain qualified conservation contributions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Charitable Conservation Easement Program Integrity Act of 2020".

SEC. 2. LIMITATION ON DEDUCTION FOR QUALIFIED CONSERVATION CONTRIBUTIONS MADE BY PASS-THROUGH ENTITIES.

(a) IN GENERAL.—Section 170(h) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(7) LIMITATION ON DEDUCTION FOR QUALIFIED CONSERVATION CONTRIBUTIONS MADE BY PASS-THROUGH ENTITIES.—

"(A) IN GENERAL.—In the case of any qualified conservation contribution of any partnership (whether directly or as a distributive share of such contribution of another partnership), no amount of such contribution may be taken into account under this section by any partner of such partnership as a distributive share of such contribution if the aggregate amount so taken into account by such partner for the taxable year would (but for this paragraph) exceed 2.5 times the portion of the adjusted basis of such partner's interest in such partnership (determined immediately before such contribution and without regard to section 752) which is allocable (under rules similar to the rules of section 755) to the qualified real property interest with respect to which such contribution is made.

"(B) EXCEPTION FOR CONTRIBUTIONS OUTSIDE 3-YEAR HOLDING PERIOD.—Subparagraph (A) shall not apply to a partner's distributive share of a qualified conservation contribution if such contribution is made—

"(i) at least 3 years after the date the partnership acquired the entirety of the qualified real property interest with respect to which such contribution is made,

"(ii) at least 3 years after the date the partner acquired the partner's entire interest in the partnership with respect to which such distributive share is determined, and

"(iii) if the interest in the partnership making such contribution is held through one or more partnerships, at least 3 years after each such partnership acquired the entirety of the interest in any such partnership with respect to which such distributive share is determined.

"(C) EXCEPTION FOR FAMILY PARTNERSHIPS.—Subparagraph (A) shall not apply with respect to any qualified conservation contribution made by any partnership if substantially all of the partnership interests in such partnership are held by individuals who are related within the meaning of section 152(d)(2).

"(D) APPLICATION TO OTHER PASS-THROUGH ENTITIES.—Except as may be otherwise provided by the Secretary, the rules of this paragraph shall apply to S corporations and other pass-through entities in the same manner as such rules apply to partnerships.

"(E) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary to carry out, and prevent the avoidance of, the purposes of this paragraph, including, in the case of tiered partnerships, such reporting to the Secretary and among such partnerships as the Secretary determines appropriate.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to contributions made in taxable years ending after December 23, 2016.

(2) CERTIFIED HISTORIC STRUCTURES.—In the case of contributions the conservation purpose (as defined in section 170(h)(4) of the Internal Revenue Code of 1986) of which is the preservation of a certified historic structure (as defined in section 170(h)(4)(C) of such Code), the amendment made by this section shall apply to contributions made in taxable years beginning after December 31, 2018.

(3) NO INFERENCE.—No inference is intended as to the appropriate treatment of contributions made in taxable years ending on or before the date specified in paragraph (1) or (2), whichever is applicable, or as to any activity not described in section 170(h)(7) of the Internal Revenue Code of 1986, as added by this section.

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