

119TH CONGRESS
1ST SESSION

S. 969

To amend the Internal Revenue Code of 1986 to deny interest and depreciation deductions for taxpayers owning 50 or more single family properties.

IN THE SENATE OF THE UNITED STATES

MARCH 11 (legislative day, MARCH 10), 2025

Mr. WARNOCK (for himself, Ms. SMITH, Mr. WYDEN, Ms. BALDWIN, Ms. WARREN, Mr. GALLEG0, Mr. REED, Mr. SANDERS, Ms. KLOBUCHAR, Mr. WELCH, Mr. BLUMENTHAL, and Mr. BOOKER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to deny interest and depreciation deductions for taxpayers owning 50 or more single family properties.

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 “Stop Predatory Invest-
5 ing Act”.

1 **SEC. 2. DISALLOWANCE OF INTEREST DEDUCTION FOR DIS-**
 2 **QUALIFIED SINGLE FAMILY PROPERTY OWN-**
 3 **ERS.**

4 (a) IN GENERAL.—Section 163 of the Internal Rev-
 5 enue Code of 1986 is amended by redesignating subsection
 6 (n) as subsection (o) and by inserting after subsection (m)
 7 the following new subsection:

8 “(n) INTEREST PAID BY CERTAIN DISQUALIFIED
 9 SINGLE FAMILY PROPERTY OWNERS.—

10 “(1) IN GENERAL.—In the case of a disquali-
 11 fied single family property owner, no deduction shall
 12 be allowed under this chapter for any interest paid
 13 or accrued in connection with any single family resi-
 14 dential rental property owned (directly or indirectly)
 15 by such disqualified single family property owner.

16 “(2) EXCEPTION.—

17 “(A) IN GENERAL.—Paragraph (1) shall
 18 not apply with respect to interest paid or ac-
 19 crued in the taxable year in which such single
 20 family residential rental property is sold.

21 “(B) EXCEPTION.—Subparagraph (A)
 22 shall not apply unless the sale described in such
 23 subparagraph is—

24 “(i) a sale to an individual for use as
 25 the principle residence of the individual
 26 (within the meaning of section 121), or

1 “(ii) a sale to any qualified nonprofit
2 organization.

3 “(C) QUALIFIED NONPROFIT ORGANIZA-
4 TION.—

5 “(i) IN GENERAL.—For purposes of
6 this paragraph, the term ‘qualified non-
7 profit organization’ means any organiza-
8 tion which—

9 “(I) is not organized for profit,
10 and

11 “(II) has as a principal purpose
12 the creation, development, or preser-
13 vation of affordable housing.

14 “(ii) CERTAIN ORGANIZATIONS IN-
15 CLUDED.—The term ‘qualified nonprofit
16 organization’ shall include—

17 “(I) any community development
18 corporation (as defined in section
19 204(b) of the Department of Veterans
20 Affairs and Housing and Urban De-
21 velopment, and Independent Agencies
22 Appropriations Act, 1997 (12 U.S.C.
23 1715z–11a(b)),

24 “(II) any community housing de-
25 velopment organization (as defined in

1 section 104 of the Cranston-Gonzales
2 National Affordable Housing Act (42
3 U.S.C. 12704),

4 “(III) any community-based de-
5 velopment organization qualified
6 under section 570.204 of title 24,
7 Code of Federal Regulations, as in ef-
8 fect on the date of the enactment of
9 this subsection,

10 “(IV) any land bank,

11 “(V) any resident-owned coopera-
12 tive or community land trust, and

13 “(VI) any subsidiary of a public
14 housing agency (as defined in section
15 3(b)(6) of the United States Housing
16 Act of 1937 (42 U.S.C. 1437a(b)(6)).

17 “(iii) LAND BANK.—For purposes of
18 this subparagraph, the term ‘land bank’
19 means a government entity, agency, or pro-
20 gram, or a special purpose nonprofit entity
21 formed by one or more units of govern-
22 ment in accordance with State or local
23 land bank enabling law, that has been des-
24 ignated by one or more State or local gov-
25 ernments to acquire, steward, and dispose

1 of vacant, abandoned, or other problem
 2 properties in accordance with locally-deter-
 3 mined priorities and goals.

4 “(iv) COMMUNITY LAND TRUST.—For
 5 purposes of this subparagraph, the term
 6 ‘community land trust’ means a nonprofit
 7 organization or State or local government
 8 or instrumentality that—

9 “(I) use a ground lease or deed
 10 covenant with an affordability period
 11 of at least 30 years or more to—

12 “(aa) make rental and
 13 homeownership units affordable
 14 to households; and

15 “(bb) stipulate a preemptive
 16 option to purchase the affordable
 17 rentals or homeownership units
 18 so that the affordability of the
 19 units is preserved for successive
 20 income-eligible households; and

21 “(II) monitors properties to en-
 22 sure affordability is preserved.

23 “(3) DISQUALIFIED SINGLE FAMILY PROPERTY
 24 OWNER.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘disqualified single family property owner’ means, with respect to any taxable year, any taxpayer who owns (directly or indirectly) 50 or more single family residential rental properties.

“(B) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (m) or (o) of section 414, shall be treated as one taxpayer for purposes of this section.

“(C) MODIFICATIONS.—

“(i) IN GENERAL.—For purposes of applying subparagraph (B)—

“(I) section 52(a) shall be applied by substituting ‘component members’ for ‘members’, and

“(II) for purposes of applying section 52(b), the term ‘trade or business’ shall include any activity treated as a trade or business under paragraph (5) or (6) of section 469(c) (determined without regard to the phrase ‘To the extent provided in regulations’ in such paragraph (6)).

1 “(ii) COMPONENT MEMBER.—For
 2 purposes of this paragraph, the term ‘com-
 3 ponent member’ has the meaning given
 4 such term by section 1563(b), except that
 5 the determination shall be made without
 6 regard to section 1563(b)(2).

7 “(iii) NO INFERENCE.—The modifica-
 8 tions made by clause (i) shall not be con-
 9 strued to create any inference with respect
 10 to the proper application of section 52 with
 11 respect to any other provision of this title.

12 “(4) SINGLE FAMILY RESIDENTIAL RENTAL
 13 PROPERTY.—For purposes of this subsection—

14 “(A) IN GENERAL.—The term ‘single fam-
 15 ily residential rental property’ means—

16 “(i) any residential rental property (as
 17 defined in section 168(e)(2)(A)(i)) which
 18 contains 4 or fewer dwelling units (as de-
 19 fined in section 168(e)(2)(A)(ii)(I)), and

20 “(ii) improvements to real property
 21 directly related to such dwelling units lo-
 22 cated on the site of such dwelling units.

23 For purposes of clause (i), each townhouse or
 24 rowhouse shall be treated as a separate build-
 25 ing.

1 “(B) EXCEPTION FOR CERTAIN PROP-
 2 ERTIES.—Such term shall not include any resi-
 3 dential rental property (as so defined)—

4 “(i) with respect to which a credit is
 5 allowed under section 42 for such taxable
 6 year or any property, or

7 “(ii) which—

8 “(I) was constructed by the tax-
 9 payer, or

10 “(II) acquired by the taxpayer
 11 after its construction but before the
 12 first date on which any dwelling unit
 13 in such property was occupied by a
 14 resident.

15 “(5) REGULATIONS.—The Secretary shall pre-
 16 scribe such regulations as may be necessary or ap-
 17 propriate to carry out the purposes of this sub-
 18 section, including regulations to prevent the avoid-
 19 ance of the purposes of this subsection.”.

20 (b) APPLICATION TO CAPITALIZED AMOUNTS.—

21 (1) IN GENERAL.—Section 263A(f)(2) of the
 22 Internal Revenue Code of 1986 is amended by add-
 23 ing at the end the following new subparagraph:

24 “(D) EXCEPTION FOR CERTAIN INTEREST
 25 OF DISQUALIFIED SINGLE FAMILY PROPERTY

1 OWNERS.—Subparagraph (A) shall not apply to
 2 any interest for which a deduction would be dis-
 3 allowed under section 163(n).”.

4 (2) CARRYING CHARGES.—Section 266 of such
 5 Code is amended—

6 (A) by striking “No deduction” and insert-
 7 ing the following:

8 “(a) IN GENERAL.—No deduction”, and

9 (B) by adding at the end the following new
 10 subsection:

11 “(b) SPECIAL RULE FOR CERTAIN INTEREST OF DIS-
 12 QUALIFIED SINGLE FAMILY PROPERTY OWNERS.—No
 13 election may be made under this section to treat as
 14 chargeable to capital account any interest for which a de-
 15 duction would be disallowed under section 163(n).”.

16 (c) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to indebtedness incurred in taxable
 18 years beginning after the date of the enactment of this
 19 Act.

20 **SEC. 3. DISALLOWANCE OF DEPRECIATION IN CONNEC-**
 21 **TION WITH PROPERTY USED BY DISQUALI-**
 22 **FIED SINGLE FAMILY PROPERTY OWNERS.**

23 (a) IN GENERAL.—Section 167 of the Internal Rev-
 24 enue Code of 1986 is amended by redesignating subsection

1 (i) as subsection (j) and by inserting after subsection (h)
 2 the following new subsection:

3 “(i) DEDUCTION DISALLOWED FOR DISQUALIFIED
 4 SINGLE FAMILY PROPERTY OWNERS.—

5 “(1) IN GENERAL.—In the case of a disquali-
 6 fied single family property owner, no deduction shall
 7 be allowed under this section for any single family
 8 residential rental property owned by such disquali-
 9 fied single family property owner.

10 “(2) EXCEPTION.—

11 “(A) IN GENERAL.—Paragraph (1) shall
 12 not apply with respect to depreciation deduction
 13 which is allowable—

14 “(i) in connection with a single family
 15 residential rental property, and

16 “(ii) in the taxable year in which such
 17 single family residential rental property is
 18 sold.

19 “(B) EXCEPTION.—Subparagraph (A)
 20 shall not apply unless the sale described in
 21 clause (ii) thereof is—

22 “(i) a sale to an individual for use as
 23 the principle residence of the individual
 24 (within the meaning of section 121), or

1 “(ii) a sale to any qualified nonprofit
2 organization (as defined in section
3 163(n)(2)(C)).

4 “(3) DEFINITIONS.—For purposes of this sub-
5 section, the terms ‘disqualified single family property
6 owner’ and ‘single family residential rental property’
7 have the respective meanings given such terms under
8 section 163(n).

9 “(4) REGULATIONS.—The Secretary shall pre-
10 scribe such regulations as may be necessary or ap-
11 propriate to carry out the purposes of this sub-
12 section, including regulations to prevent the avoid-
13 ance of the purposes of this subsection.”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to property placed in service in
16 taxable years beginning after the date of the enactment
17 of this Act.

○