

Takano	Vargas	Waters, Maxine
Thompson (CA)	Veasey	Watson Coleman
Thompson (MS)	Vela	Welch
Titus	Velázquez	Wilson (FL)
Tonko	Visclosky	Yarmuth
Torres	Wasserman	
Tsongas	Schultz	

## NOT VOTING—13

Barletta	Harper	Newhouse
Blackburn	Jenkins (WV)	Nolan
DesJarlais	Jones	Rooney, Thomas
Ellison	Lujan Grisham,	J.
Eshoo	M.	Walz

□ 1401

Mr. JOHNSON of Georgia changed his vote from “aye” to “no.”

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## AMERICAN INNOVATION ACT OF 2018

Mr. BUCHANAN. Mr. Speaker, pursuant to House Resolution 1084, I call up the bill (H.R. 6756) to amend the Internal Revenue Code of 1986 to promote new business innovation, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. POE of Texas). Pursuant to House Resolution 1084, the amendment recommended by the Committee on Ways and Means, printed in the bill, modified by the amendment printed in part A of House Report 115-985, is adopted, and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 6756

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 “American Innovation Act of 2018”.

**SEC. 2. SIMPLIFICATION AND EXPANSION OF DEDUCTION FOR START-UP AND ORGANIZATIONAL EXPENDITURES.**

(a) IN GENERAL.—Section 195 of the Internal Revenue Code of 1986 is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by striking all that precedes subsection (d) (as so redesignated) and inserting the following:

**“SEC. 195. START-UP AND ORGANIZATIONAL EXPENDITURES.**

“(a) CAPITALIZATION OF EXPENDITURES.—Except as otherwise provided in this section, no deduction shall be allowed for start-up or organizational expenditures.

“(b) ELECTION TO DEDUCT.—

“(1) IN GENERAL.—If a taxpayer elects the application of this subsection with respect to any active trade or business—

“(A) the taxpayer shall be allowed a deduction for the taxable year in which such active trade or business begins in an amount equal to the lesser of—

“(i) the aggregate amount of start-up and organizational expenditures paid or incurred in connection with such active trade or business, or

“(ii) \$20,000, reduced (but not below zero) by the amount by which such aggregate amount exceeds \$120,000, and

“(B) the remainder of such start-up and organizational expenditures shall be charged to cap-

ital account and allowed as an amortization deduction determined by amortizing such expenditures ratably over the 180-month period beginning with the month in which the active trade or business begins.

“(2) APPLICATION TO ORGANIZATIONAL EXPENDITURES.—In the case of organizational expenditures with respect to any corporation or partnership, the active trade or business referred to in paragraph (1) means the first active trade or business carried on by such corporation or partnership.

“(3) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after December 31, 2019, the \$20,000 and \$120,000 amounts in paragraph (1)(A)(ii) shall each be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2018’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

If any amount as increased under the preceding sentence is not a multiple of \$1,000, such amount shall be rounded to the nearest multiple of \$1,000.

“(c) ALLOWANCE OF DEDUCTION UPON LIQUIDATION OR DISPOSITION.—

“(1) LIQUIDATION OF PARTNERSHIP OR CORPORATION.—If any partnership or corporation is completely liquidated by the taxpayer, any start-up or organizational expenditures paid or incurred in connection with such partnership or corporation which were not allowed as a deduction by reason of this section may be deducted to the extent allowable under section 165.

“(2) DISPOSITION OF TRADE OR BUSINESS.—If any trade or business is completely disposed of or discontinued by the taxpayer, any start-up expenditures paid or incurred in connection with such trade or business which were not allowed as a deduction by reason of this section (and not taken into account in connection with a liquidation to which paragraph (1) applies) may be deducted to the extent allowable under section 165. For purposes of this paragraph, in the case of any deduction allowed under subsection (b)(1) with respect to both start-up and organizational expenditures, the amount treated as so allowed with respect to start-up expenditures shall bear the same ratio to such deduction as the start-up expenditures taken into account in determining such deduction bears to the aggregate of the start-up and organizational expenditures so taken into account.”

(b) ORGANIZATIONAL EXPENDITURES.—Section 195(d) of such Code, as redesignated by subsection (a), is amended by adding at the end the following new paragraphs:

“(3) ORGANIZATIONAL EXPENDITURES.—The term ‘organizational expenditures’ means any expenditure which—

“(A) is incident to the creation of a corporation or a partnership,

“(B) is chargeable to capital account, and

“(C) is of a character which, if expended incident to the creation of a corporation or a partnership having an ascertainable life, would be amortizable over such life.

“(4) APPLICATION TO CERTAIN DISREGARDED ENTITIES.—In the case of any entity with a single owner that is disregarded as an entity separate from its owner, this section shall be applied in the same manner as if such entity were a corporation.”

(c) ELECTION.—Section 195(e)(2) of such Code, as redesignated by subsection (a), is amended to read as follows:

“(2) PARTNERSHIPS AND S CORPORATIONS.—In the case of any partnership or S corporation, the election under subsection (b) shall be made (and this section shall be applied) at the entity level.”

(d) CONFORMING AMENDMENTS.—

(1)(A) Part VIII of subchapter B of chapter 1 is amended by striking section 248 of such Code

(and by striking the item relating to such section in the table of sections of such part).

(B) Section 170(b)(2)(D)(ii) of such Code is amended by striking “(except section 248)”.

(C) Section 312(n)(3) of such Code is amended by striking “Sections 173 and 248” and inserting “Sections 173 and 195”.

(D) Section 535(b)(3) of such Code is amended by striking “(except section 248)”.

(E) Section 545(b)(3) of such Code is amended by striking “(except section 248)”.

(F) Section 545(b)(4) of such Code is amended by striking “(except section 248)”.

(G) Section 834(c)(7) of such Code is amended by striking “(except section 248)”.

(H) Section 852(b)(2)(C) of such Code is amended by striking “(except section 248)”.

(I) Section 857(b)(2)(A) of such Code is amended by striking “(except section 248)”.

(J) Section 1363(b) of such Code is amended by adding “and” at the end of paragraph (2), by striking paragraph (3), and by redesignating paragraph (4) as paragraph (3).

(K) Section 1375(b)(1)(B)(i) of such Code is amended by striking “(other than the deduction allowed by section 248, relating to organization expenditures)”.

(2)(A) Section 709 of such Code is amended to read as follows:

**“SEC. 709. TREATMENT OF SYNDICATION FEES.**

“No deduction shall be allowed under this chapter to a partnership or to any partner of the partnership for any amounts paid or incurred to promote the sale of (or to sell) an interest in the partnership.”

(B) The item relating to section 709 in the table of sections for part I of subchapter K of chapter 1 of such Code is amended to read as follows:

“Sec. 709. Treatment of syndication fees.”

(3) Section 1202(e)(2)(A) of such Code is amended by striking “section 195(c)(1)(A)” and inserting “section 195(d)(1)(A)”.

(4) The item relating to section 195 in the table of contents of part VI of subchapter B of chapter 1 of such Code is amended to read as follows:

“Sec. 195. Start-up and organizational expenditures.”

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures paid or incurred in connection with active trades or businesses which begin in taxable years beginning after December 31, 2018.

**SEC. 3. PRESERVATION OF START-UP NET OPERATING LOSSES AND TAX CREDITS AFTER OWNERSHIP CHANGE.**

(a) APPLICATION TO NET OPERATING LOSSES.—Section 382(d) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(4) EXCEPTION FOR START-UP LOSSES.—

“(A) IN GENERAL.—In the case of any net operating loss carryforward described in paragraph (1)(A) which arose in a start-up period taxable year, the amount of such net operating loss carryforward otherwise taken into account under such paragraph shall be reduced by the net start-up loss determined with respect to the trade or business referred to in subparagraph (B)(i) for such start-up period taxable year.

“(B) START-UP PERIOD TAXABLE YEAR.—The term ‘start-up period taxable year’ means any taxable year of the old loss corporation which—

“(i) begins before the close of the 3-year period beginning on the date on which any trade or business of such corporation begins as an active trade or business (as determined under section 195(d)(2) without regard to subparagraph (B) thereof), and

“(ii) ends after September 10, 2018.

“(C) NET START-UP LOSS.—

“(i) IN GENERAL.—The term ‘net start-up loss’ means, with respect to any trade or business referred to in subparagraph (B)(i) for any start-up period taxable year, the amount which bears the same ratio (but not greater than 1) to the

net operating loss carryforward which arose in such start-up period taxable year as—

“(I) the net operating loss (if any) which would have been determined for such start-up period taxable year if only items of income, gain, deduction, and loss properly allocable to such trade or business were taken into account, bears to

“(II) the amount of the net operating loss determined for such start-up period taxable year.

“(ii) SPECIAL RULE FOR LAST TAXABLE YEAR IN START-UP PERIOD.—In the case of any start-up period taxable year which ends after the close of the 3-year period described in subparagraph (B)(i) with respect to any trade or business, the net start-up loss with respect to such trade or business for such start-up period taxable year shall be the same proportion of such loss (determined without regard to this clause) as the proportion of such start-up period taxable year which is on or before the last day of such period.

“(D) APPLICATION TO NET OPERATING LOSS ARISING IN YEAR OF OWNERSHIP CHANGE.—Subparagraph (A) shall apply to any net operating loss described in paragraph (1)(B) in the same manner as such subparagraph applies to net operating loss carryforwards described in paragraph (1)(A), but by only taking into account the amount of such net operating loss (and the amount of the net start-up loss) which is allocable under paragraph (1)(B) to the period described in such paragraph. Proper adjustment in the allocation of the net start-up loss under the preceding sentence shall be made in the case of a taxable year to which subparagraph (C)(ii) applies.

“(E) APPLICATION TO TAXABLE YEARS WHICH ARE START-UP PERIOD TAXABLE YEARS WITH RESPECT TO MORE THAN 1 TRADE OR BUSINESS.—In the case of any net operating loss carryforward which arose in a taxable year which is a start-up period taxable year with respect to more than 1 trade or business—

“(i) this paragraph shall be applied separately with respect to each such trade or business, and

“(ii) the aggregate reductions under subparagraph (A) shall not exceed such net operating loss carryforward.

“(F) CONTINUITY OF BUSINESS REQUIREMENT.—If the new loss corporation does not continue the trade or business referred to in subparagraph (B)(i) at all times during the 2-year period beginning on the change date, this paragraph shall not apply with respect to such trade or business.

“(G) CERTAIN TITLE 11 OR SIMILAR CASES.—

“(i) MULTIPLE OWNERSHIP CHANGES.—In the case of a 2nd ownership change to which subsection (1)(5)(D) applies, this paragraph shall not apply for purposes of determining the pre-change loss with respect to such 2nd ownership change.

“(ii) CERTAIN INSOLVENCY TRANSACTIONS.—If subsection (1)(6) applies for purposes of determining the value of the old loss corporation under subsection (e), this paragraph shall not apply.

“(H) NOT APPLICABLE TO DISALLOWED INTEREST.—This paragraph shall not apply for purposes of applying the rules of paragraph (1) to the carryover of disallowed interest under paragraph (3).

“(I) TRANSITION RULE.—This paragraph shall not apply with respect to any trade or business if the date on which such trade or business begins as an active trade or business (as determined under section 195(d)(2) without regard to subparagraph (B) thereof) is on or before September 10, 2018.”

(b) APPLICATION TO EXCESS CREDITS.—Section 383 of such Code is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

“(e) EXCEPTION FOR START-UP EXCESS CREDITS.—

“(I) IN GENERAL.—In the case of any unused general business credit of the corporation under

section 39 which arose in a start-up period taxable year, the amount of such unused general business credit otherwise taken into account under subsection (a)(2)(A) shall be reduced by the start-up excess credit determined with respect to any trade or business referred to in section 382(d)(4)(B)(i) for such start-up period taxable year.

“(2) START-UP PERIOD TAXABLE YEAR.—For purposes of this subsection, the term ‘start-up period taxable year’ has the meaning given such term in section 382(d)(4)(B).

“(3) START-UP EXCESS CREDIT.—For purposes of this subsection, the term ‘start-up excess credit’ means, with respect to any trade or business referred to in section 382(d)(4)(B)(i) for any start-up period taxable year, the amount which bears the same ratio to the unused general business credit which arose in such start-up period taxable year as—

“(A) the amount of the general business credit which would have been determined for such start-up period taxable year if only credits properly allocable to such trade or business were taken into account, bears to

“(B) the amount of the general business credit determined for such start-up period taxable year.

“(4) APPLICATION OF CERTAIN RULES.—Rules similar to the rules of subparagraphs (C)(ii), (D), (E), and (F) of section 382(d)(4) shall apply for purposes of this subsection.

“(5) TRANSITION RULE.—This subsection shall not apply with respect to any trade or business if the date on which such trade or business begins as an active trade or business (as determined under section 195(d)(2) without regard to subparagraph (B) thereof) is on or before September 10, 2018.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after September 10, 2018.

#### SEC. 4. BUDGETARY EFFECTS.

(a) STATUTORY PAYGO SCORECARDS.—The budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.

(b) SENATE PAYGO SCORECARDS.—The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 4106 of H. Con. Res. 71 (115th Congress).

The SPEAKER pro tempore. The bill, as amended, shall be debatable for 1 hour, equally divided and controlled by the chair and ranking minority member of the Committee on Ways and Means.

The gentleman from Florida (Mr. BUCHANAN) and the gentlewoman from California (Ms. JUDY CHU) each will control 30 minutes.

The Chair recognizes the gentleman from Florida.

#### GENERAL LEAVE

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks and include extraneous materials on H.R. 6756, currently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am grateful this bill has been brought to the floor for consideration.

I rise in support of H.R. 6756, the American Innovation Act, which sup-

ports and encourages entrepreneurs to start new businesses.

The United States recently dropped out of Bloomberg's list of the top 10 most innovative countries in the world. New business formations in the United States have taken a dramatic downturn since the 2008 recession.

Between 1977 and 2007, those 30 years, the economy added 120,000, net, new businesses each year. Since 2008, however, the economy has added only about 2,000, net, new businesses each year since.

We should all be committed to making the United States the innovation leader of the world. The American Innovation Act is a down payment towards reaching that goal.

The American Innovation Act encourages entrepreneurs in two ways:

First, H.R. 6756 allows new businesses to immediately deduct more of their startup organizational expenses. It simplifies the Code and allows businesses to deduct up to \$20,000 of startup and organizational expenses when their new business begins. This doubles the amount of the expenses that a business may write off in its first year.

Second, the American Innovation Act helps new businesses innovate by preserving valuable tax benefits, like the R&D credit, that are generated from activities conducted in the business' early years.

As any entrepreneur knows, starting a new business requires hard work and a lot of capital. During its early years, many businesses operate at a loss, and these losses are used in later years when the business matures and becomes more profitable. To fund their innovation and growth, entrepreneurs and business owners may seek equity capital from other investors.

Today, the infusion of this new investment may trigger limits on the use of a corporation's valuable losses and credits from the business' earlier years. Under the American Innovation Act, our country's businesses may fund their growth and innovation with equity investments from new shareholders without limiting the use of these valuable losses and credits.

Mr. Speaker, the American Innovation Act supports our entrepreneurs and innovators and facilitates the creation of new businesses. I urge support for this important bill, and I reserve the balance of my time.

Ms. JUDY CHU of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in opposition to the American Innovation Act.

But before I talk about the underlying bill, I want to make clear that this bill is part of the Republicans' larger tax scam 2.0. Instead of increasing opportunity or addressing the income inequality for Americans, the Republicans are doubling down on their failed policies that benefit the wealthiest Americans and are ultimately paid for by the middle class.

As a result of the Republicans' tax law, health insurance companies in

State after State are announcing higher premiums for next year, while health coverage for those living with preexisting conditions is on the chopping block. To make matters worse, the Medicare trustees cut 3 years off the life of the Medicare trust fund because of the Republican tax bill.

But instead of backing away from their mistake, the Republicans are doubling down. Their second round of tax cuts for the wealthy will further compromise the future of Medicare and Social Security, depriving seniors the benefits they have earned.

Not to mention, Republicans are cutting taxes for the rich for the second time in less than a year. By simply making permanent the cut to the top individual tax rate, Republicans are providing a huge tax cut for just a fraction of the top 5 percent of taxpayers.

At the same time, the Republicans have doubled down on their attack on the middle class by making permanent the limits to the State and local tax deduction. In fact, in my home district in California, 37 percent of tax filers claimed the SALT deduction in 2016, and the average SALT deduction was \$18,517 according to IRS data. This is nearly double the cap that Republicans have put in place, and that means that middle class families in my district are footing the bill for the wealthy's permanent tax cuts.

In addition, Republicans are also permanently limiting the mortgage interest deduction and casualty loss deduction.

Furthermore, the so-called party of fiscal conservatism will be passing over \$3 trillion in tax breaks in less than a year. Because of the Republican tax law and President Trump's irresponsible policies, the U.S. Treasury is now borrowing money at a rate of \$5.4 billion per day.

This package, like the one before it, is being rushed through with no hearings and no input from stakeholders. A rushed and lopsided process resulted in tax bill 1.0, and, in fact, Democrats have identified over 100 problems with the Republicans' tax law.

Republicans are doubling down on their flawed policies with this exercise, with bills guaranteed to be dead on arrival in the Senate. Tax scam 2.0 is another reckless tax cut for the wealthy that leaves behind average, hard-working families.

Now I would like to discuss H.R. 6756, the American Innovation Act.

This bill has never received consideration in a public committee hearing. Last year, the Republicans' rushed process created the end result of a disastrous tax law that is riddled with problems. Yet rather than learn from their mistake, the Republicans are, once again, moving forward with legislation without the appropriate oversight.

Mr. Speaker, I strongly believe in American innovation and entrepreneurship. As the only member of both the House Small Business Committee

and the Ways and Means Committee, I know just how critical small businesses are to the growth of our economy. They create two out of every three new jobs and allow people to be their own bosses.

I know that my Democratic colleagues and I would have enthusiastically and actively participated in the construction of bipartisan legislation to help small businesses deduct more of their startup costs. This is something I care deeply about because access to capital is one of the biggest challenges facing our entrepreneurs today. However, Democrats were shut out of the process once again as the bill was rushed to the floor.

With only a few days left for Congress to be in session, the Republicans have yet to address rising healthcare costs and how to pay for innovation and value in our healthcare system.

□ 1415

They have done nothing to stop the haphazard and reckless trade policy coming out of the White House.

And this week, the Republicans are driving these so-called tax reform 2.0 bills down a road to nowhere. If they were serious about helping small businesses and innovative startups, they surely would have not treated these provisions like an afterthought to their 2017 tax bill.

Therefore, I oppose H.R. 6756 and encourage my colleagues to do the same. We should work together to ensure that small businesses and innovative startups have the tools to not just survive, but actually thrive in the economy. We can do better in a fiscally responsible manner that does not recklessly add to the deficit.

Mr. Speaker, I reserve the balance of my time.

Mr. BUCHANAN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. BRADY), chairman of the Ways and Means Committee.

Mr. BRADY of Texas. Mr. Speaker, I rise in support of H.R. 6756, the American Innovation Act of 2018, and thank Chairman BUCHANAN and others for his leadership for America's startup businesses and innovation.

The truth is, startup businesses are huge contributors to innovation and productivity as well as job creation here in America. But the business environment since the great financial crisis has been tough for those looking to take a risk and start a business.

In fact, new business formation here in America took a dramatic downturn during the recession, with startups only accounting for 8 percent of all businesses in 2015. That is cut in half from 1977. The United States also dropped out of Bloomberg's list of the top 10 most innovative countries in the world. We know that the nation that wins the innovation race wins the future. This is a problem and, more importantly, it is a call to action.

The American Innovation Act, led by Chairman BUCHANAN, will help our en-

trepreneurs move a business from their kitchen table to their first office by allowing them to write off more startup costs in their early years—years where every dollar matters.

This bill will also allow startups to expand and go to the next level here in America by bringing in new investors without triggering tax limits on their access to tax benefits like the R&D tax credit for activities conducted in their early years.

With a renewed focus on innovation and entrepreneurship, the American Innovation Act will help America's risk-takers create jobs, invest in their communities, and continue strengthening America's economy.

Mr. Speaker, this is a very simple bill. It can be read in just a couple of minutes. It focuses on America's entrepreneurs and startup costs.

A "yes" vote is in support of startup businesses here in America.

A "yes" vote is for innovation expansion here in the United States, not somewhere else.

A "yes" vote is for economic growth.

Ms. JUDY CHU of California. Mr. Speaker, I yield 2 minutes to the gentleman from Vermont (Mr. WELCH).

Mr. WELCH. Mr. Speaker, it is with some sadness that I have to say I believe this is an absolutely terrible tax bill.

The economy is growing. That has been a claim that has been made by proponents of this tax policy. But it is growing for the few. It is not growing for the many.

We have the lowest unemployment rate we have had in years. We have had the highest profits in corporations that we have had since before the Great Depression. Yet, right now, in this country, childhood poverty is increasing relentlessly. Relentlessly.

How does that happen when we have such a great so-called economy?

It happens because we have created the hydraulic system that is transferring money from the low income and middle class to the very wealthy. That is what this Congress has done. And there are consequences to the children who are now in poverty and will be in poverty, but also to those everyday families who aren't on the right side of the digital divide and whose wages for the past 20 years have been stagnant or declining, even as the things they need—college education for their kids, prescription medication for their families—those prices are exploding.

And by the way, Pharma gets a huge giveaway. They have got the highest profits they have ever had, and we are passing a tax bill that gives them more. We are shoveling money to them when they are sticking price increases to all of us.

This doesn't happen by accident. This has nothing to do with the so-called entrepreneurial economy. This has to do with a Congress that has no conscience, that doesn't stand up for everyday people and say: We want policies that let you have a chance.

Mr. Speaker, defeat this bill.

Mr. BUCHANAN. Mr. Speaker, I yield myself such time as I may consume.

Let me say to the gentleman that I am not sure how the economy works in Vermont, but I can tell you that in terms of the tax package—the original one and this one, 2.0—Florida is on fire, in terms of growth. There is more energy and more excitement about the tax thing.

Ninety percent of people are getting a tax break. For families of four in my area, it is \$2,400. We have seen little or no growth for the last 10 years. Now we are at 2 to 3 percent. We have got real growth. It is tough to get the amount of workers that we now need in Florida, in general. That is pushing paychecks.

So I don't know what is going on in Vermont or different parts of the country, but I can tell you that in Florida it is making a huge difference in terms of the confidence with a lot of startups and entrepreneurs.

Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. MITCHELL).

Mr. MITCHELL. Mr. Speaker, I am changing my comments because I was offended by the last speaker.

I grew up in a family where dad built trucks on the line and mom worked at the Salvation Army. In my district alone, people get to keep \$2,700 of the money they earn in their pocket rather than being sent to the Federal Government so our colleagues on the other side of the aisle can find a way to spend it.

The Tax Cuts and Jobs Act was the first major reforms and major tax cuts in 31 years. I was young the last time Congress was actually able to do something about taxing people, taxing money that they earned so we could figure out how to spend it here—and, frankly, some days, I am convinced not well.

Since that tax cut jobs have grown. As is noted, unemployment is down record levels across all demographics. The class warfare kind of amazes me, frankly.

This week, we are building on those achievements by advancing three critical pieces legislation. First, the bill now, the American Innovation Act, will allow startup businesses to double the write-off amount of startup costs to encourage new business, exactly the type of people we want to grow businesses and create jobs in this country. It will bring in new investors and doesn't trigger limits on their tax benefits.

Today, we will also consider the Family Savings Act, which gives broader options for retirement savings for people that go to work and want to know what happens when they get older.

Tomorrow, we will be debating the Protecting Families and Small Business Tax Cuts, which makes permanent the individual and small business tax cuts from the Tax Cuts and Jobs Act,

tax benefits that were denied in the Senate because it was determined they needed 60 votes.

I will tell you where the 60 votes did not come in. It did not come in from our colleagues on the other side of the aisle. So when we were criticized that they are not permanent at this time, it is because our colleagues on the other side of the aisle decided they would use it as a political talking point rather than make permanent the benefits that would have helped my family, my parents, when they worked.

Mr. Speaker, I am a cosponsor of all three bills, and I ask my colleagues to support them.

Ms. JUDY CHU of California. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. KIND).

Mr. KIND. Mr. Speaker, I thank the gentlewoman from California for yielding.

Mr. Speaker, I rise reluctantly in opposition to this legislation. I say reluctantly because there are some good, decent provisions that are contained in this legislation.

The first year expensing for new businesses, the net operating loss and tax credit carry over to new ownership and small businesses.

There is a lot of bipartisan support for doing more to support entrepreneurs and the startup of businesses in that early stage capital that this bill, in part, is meant to address. Unfortunately the process is all wrong. Instead of holding hearings, instead of getting feedback, instead of soliciting bipartisan support—and I am confident that if time were in order to build support for this bill, there would be wide bipartisan support—this legislation is being driven for one reason and one reason only: the political calendar. That is a missed opportunity.

We ought to get back to doing our business on the Ways and Means Committee and start holding hearings, start getting feedback, and doing it in a fiscally responsible manner.

This bill, because of no effort to find an offset, will increase our debt by over \$5 billion. Again, it is for some press releases leading to the midterm elections. Who cares what the impact is going to be for our children and grandchildren or on future financial obligations that our Nation shares. Apparently, that fiscal responsibility is out the window right now, based on the tax cut that passed last year and the next two bills coming up out of the Ways and Means Committee this week.

But what else is also unfortunate is that during the markup of this bill, our good friend, the gentleman from California (Mr. THOMPSON), offered a very important and I thought thoughtful amendment that would allow tax credit deductibility for small businesses that were impacted by natural disasters.

My district in western Wisconsin just got slammed with major flooding this past month. Unfortunately, there is not a lot of help at the Federal and State level, whether it is FEMA or

State agencies, when it comes to helping small businesses get back on their feet. There just isn't. There are small, low-interest SBA loans and maybe some no-interest loans that the State can offer that all have to be repaid. Other than that, there is really nothing.

Representative THOMPSON offered an amendment that said: Let's have the Federal Tax Code work with these small businesses rather than against them. Instead of that being thoughtfully considered, it was rejected out of hand because of the rush to get this bill on the floor. Again, another missed opportunity of how we should be conducting business around here and recognizing the needs of small businesses throughout the country.

Let's slow down. Let's reject what is before us today. We still have time. The Senate is not planning on taking up these bills. Let's go back to doing it the right way. Let's talk to one another and find some common ground. And let's do it in a fiscally responsible manner so we are not saddling future generations with huge debt, especially given the aging population in our country.

What we have before us today is the result of a bad process. We can do better. I encourage my colleagues to reject it. Let's do it the right way.

Mr. BUCHANAN. Mr. Speaker, I yield myself such time as I may consume.

I just want to mention to the gentleman from Wisconsin that there were no amendments offered on this bill, if he wants to check that.

I also have a list of groups who are supportive of this bill, such as Associated Builders and Contractors, the Chamber of Commerce, Biotechnology Innovation Organization, and Angel Capital Association.

Mr. Speaker, I include in the RECORD this document listing organizations in support of the bill.

H.R. 6756 THE AMERICAN INNOVATION ACT OF 2018

AdvaMed  
 American Dental Association  
 Americans for Tax Reform, 60 Plus Association, American Commitment, American Conservative Union, American Consumer Institute, ALEC Action, Americans for a Strong Economy, Association of Mature American Citizens, Campaign For Liberty, Ryan Ellis, Center for a Free Economy, Center for Freedom and Prosperity, Center for Individual Freedom, Center for Worker Freedom, Citizen Outreach (Nevada), Consumer Action for a Strong Economy, Council for Citizens Against Government Waste, Competitive Enterprise Institute, Digital Liberty, Family Business Coalition, Florida Center Right Coalition, FreedomWorks, Frontiers of Freedom, Goldwater Institute (Arizona), Granite State Taxpayers (New Hampshire), Heritage Action for America, Hispanic American Center for Economic Research, Hispanic Leadership Fund, Independent Women's Forum, Independent Women's Voice, Institute for Liberty, The James Madison Institute (Florida), Jesse Helms Center (North Carolina), Kansas Policy Institute, Less Government, Maine Center-right Coalition Meeting, Mississippi Center for Public Policy, National Taxpayers Union,

New Hampshire Center-Right Meeting, Ohioans for Tax Reform, The Ohio Diversity Coalition, Oregon Capitol Watch, Pegasus Institute (Kentucky), Pegasus Institute (Kentucky), Pelican Institute for Public Policy (Louisiana), Property Rights Alliance, Reaching America, Rhode Island Center for Freedom and Prosperity, Rio Grande Foundation (New Mexico), Small Business & Entrepreneurship Council, Ohio House of Representatives Chair, Ohio Center-right Meeting, Taxpayers Protection Alliance, Tea Party Nation, We the People Convention, Women for Trump

Angel Capital Association  
Associated Builders and Contractors, Inc. (Key Vote)

Biotechnology Innovation Organization  
Chamber of Commerce  
Club for Growth

Heating, Ventilation, Air Conditioning, and Refrigeration Industry: Air Conditioning Contractors of America, Heating Air Conditioning and Refrigeration Distributors International, Plumbing Heating Cooling Contractors Association, AMCA International, Air-Conditioning Heating and Refrigeration Institute

Heritage Foundation  
National Venture Capital Association  
The National Electrical Contractors Association

Mr. BUCHANAN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. LAHOOD).

Mr. LAHOOD. Mr. Speaker, I want to thank Chairman BUCHANAN for all his hard work on this legislation.

Mr. Speaker, today, I rise in support of H.R. 6756, the American Innovation Act.

Over the last 9 months since we passed once-in-a-lifetime tax reform, small businesses have been empowered by those positive changes to expand operations, hire new workers, reward employees with bonuses or increased pay, and keep jobs here at home.

In central and west central Illinois, in my district, we have seen firsthand how the Tax Cuts and Jobs Act has alleviated businesses of the burdensome Tax Code we were under before, giving companies all across different sectors and sizes the ability to innovate and grow into businesses.

They are companies such as Rivian Automotive in Bloomington-Normal, Illinois, who is creating state-of-the-art full electric-powered pickups and SUVs. They announced in May they will be manufacturing their trucks in Bloomington-Normal, bringing jobs and economic opportunity to our community.

AutonomouStuff in Morton, Illinois, has evolved into a worldwide leader in the development of innovative software and engineering technologies that enable robotics and autonomy.

Precision Planting in Tremont, Illinois, is testing agriculture practices so that farmers all across the heartland can find innovative ways to increase production and sustain equipment, making central Illinois the Silicon Valley of the Midwest.

With the largest medical community in downstate Illinois, the innovative breakthroughs at our local healthcare systems, such as OSF HealthCare's

Jump Trading Simulation Center in Peoria, or the Memorial Center for Learning and Innovation in Springfield, serve as catalysts for reforming how healthcare is delivered by making healthcare safer, more accessible, and affordable.

□ 1430

The American Innovation Act, which we are presenting today after a lot of thoughtful work by the committee, builds upon the economic successes small businesses have seen over the last 9 months, unleashing entrepreneurs' innovative spirit, so they can continue to grow, prosper, and succeed.

Since the recession, creation of new businesses has taken a significant downturn, and it is time we reform our Tax Code so entrepreneurs have the ability to achieve their goals.

Mr. Speaker, I commend Chairman BUCHANAN and Chairman BRADY for their hard work and urge my colleagues to support this bill.

Ms. JUDY CHU of California. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, first, I would like to clarify something. I appreciate the comment from Chairman BUCHANAN regarding Mr. THOMPSON's amendment, but that does not change the fact that, during tax bill 2.0 and its markup, every Republican present voted against permanent natural disaster relief on H.R. 6760.

Mr. Speaker, Democrats are strong believers in the power of American innovation and entrepreneurship. Democrats support small businesses, which are the backbone of our economy and create two out of every three new jobs. My Democratic colleagues and I would have loved to participate in the drafting of bipartisan legislation to help small businesses and innovative startups succeed, but that is not the process that the majority adopted.

This bill, just like tax scam 1.0, has never received the scrutiny it deserves in a public committee hearing. A rushed and lopsided process resulted in the disastrous tax law. Yet, rather than learn from their mistakes, Republicans are once again rushing through legislation without the appropriate oversight.

This process should tell you how serious the majority is about helping small businesses, which is not very. If the Republicans were serious about helping small businesses last year, they surely would not have enacted their so-called small business tax benefit to disguise a massive tax cut for millionaires.

If Republicans were serious about helping small businesses and innovative startups today, they surely would not have treated these provisions like an afterthought, guaranteed to be dead on arrival in the Senate.

Mr. Speaker, I believe we should work together to ensure that small businesses, ranging from mom-and-pop shops to cutting-edge startups, have the tools they need to thrive in this

economy. But we should do it the right way, with hearings and input from stakeholders, and in a fiscally responsible manner, not by saddling future Americans with more debt.

Mr. Speaker, I urge my colleagues to oppose this legislation, and I yield back the balance of my time.

Mr. BUCHANAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as someone who has been in business 30 years, I can just tell you that, in the last couple of years, our economy in Florida and I think all over America has exploded. People are excited. They are enthusiastic.

In fact, I did a roundtable of all women in my district. Why did I do that? Because 57 percent of startups in the next 10 years will be women led. So why would we want to not support giving them additional deductions? Instead of just writing off \$5,000, they can write off \$20,000.

In terms of opening businesses, it is as little as 2,000 a year. It used to be 100,000-plus new startups a year. That is where the jobs are created.

I chaired the local chamber in Sarasota, Florida. I can tell you, out of the 2,400 businesses, most of them were 15 employees or less, 90 percent.

I also chaired the Florida chamber. There were 126,000 businesses in that federation, and most of them were 15 employees or less, many times 1, 2, 3 employees.

It is tough when you open a business. Usually, you have losses for a couple of years. This bill helps to address that, especially as they try to attract capital. They could use some of those losses to attract capital.

This is all about pro-business and growth. We have had little or no growth for the last 10 years. Now we are starting to take off and be much more competitive in the world. That is what this bill is all about.

Mr. Speaker, let me just close with this thought. For too many years, the United States has been lagging in the creation of new businesses. Startup businesses are vital to the American economy, because they are significant contributors to innovation, productivity, and job creation.

Together, we should all support the legislation. This makes it easier and less costly for hardworking Americans to realize their American Dream of starting businesses.

The American Innovation Act does just that. It supports innovators, entrepreneurs, workers, and the economy with commonsense policy solutions.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 1084, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BUCHANAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

#### FAMILY SAVINGS ACT OF 2018

Mr. KELLY of Pennsylvania. Mr. Speaker, pursuant to House Resolution 1084, I call up the bill (H.R. 6757) to amend the Internal Revenue Code of 1986 to encourage retirement and family savings, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 1084, the amendment in the nature of a substitute recommended by the Committee on Ways and Means, printed in the bill, modified by the amendment printed in part B of House Report 115-985, is adopted, and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 6757

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

#### SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the “Family Savings Act of 2018”.

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

Sec. 1. Short title; etc.

#### TITLE I—EXPANDING AND PRESERVING RETIREMENT SAVINGS

Sec. 101. Multiple employer plans; pooled employer plans.

Sec. 102. Rules relating to election of safe harbor 401(k) status.

Sec. 103. Certain taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes.

Sec. 104. Repeal of maximum age for traditional IRA contributions.

Sec. 105. Qualified employer plans prohibited from making loans through credit cards and other similar arrangements.

Sec. 106. Portability of lifetime income investments.

Sec. 107. Treatment of custodial accounts on termination of section 403(b) plans.

Sec. 108. Clarification of retirement income account rules relating to church-controlled organizations.

Sec. 109. Exemption from required minimum distribution rules for individuals with certain account balances.

Sec. 110. Clarification of treatment of certain retirement plan contributions picked up by governmental employers for new or existing employees.

Sec. 111. Elective deferrals by members of the Ready Reserve of a reserve component of the Armed Forces.

#### TITLE II—ADMINISTRATIVE IMPROVEMENTS

Sec. 201. Plan adopted by filing due date for year may be treated as in effect as of close of year.

Sec. 202. Modification of nondiscrimination rules to protect older, longer service participants.

Sec. 203. Study of appropriate PBGC premiums.

#### TITLE III—OTHER SAVINGS PROVISIONS

Sec. 301. Universal Savings Accounts.

Sec. 302. Expansion of section 529 plans.

Sec. 303. Penalty-free withdrawals from retirement plans for individuals in case of birth of child or adoption.

#### TITLE I—EXPANDING AND PRESERVING RETIREMENT SAVINGS

##### SEC. 101. MULTIPLE EMPLOYER PLANS; POOLED EMPLOYER PLANS.

(a) QUALIFICATION REQUIREMENTS.—

(1) IN GENERAL.—Section 413 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(e) APPLICATION OF QUALIFICATION REQUIREMENTS FOR CERTAIN MULTIPLE EMPLOYER PLANS WITH POOLED PLAN PROVIDERS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), if a defined contribution plan to which subsection (c) applies—

“(A) is maintained by employers which have a common interest other than having adopted the plan, or

“(B) in the case of a plan not described in subparagraph (A), has a pooled plan provider, then the plan shall not be treated as failing to meet the requirements under this title applicable to a plan described in section 401(a) or to a plan that consists of individual retirement accounts described in section 408 (including by reason of subsection (c) thereof), whichever is applicable, merely because one or more employers of employees covered by the plan fail to take such actions as are required of such employers for the plan to meet such requirements.

“(2) LIMITATIONS.—

“(A) IN GENERAL.—Paragraph (1) shall not apply to any plan unless the terms of the plan provide that in the case of any employer in the plan failing to take the actions described in paragraph (1)—

“(i) the assets of the plan attributable to employees of such employer (or beneficiaries of such employees) will be transferred to a plan maintained only by such employer (or its successor), to an eligible retirement plan as defined in section 402(c)(8)(B) for each individual whose account is transferred, or to any other arrangement that the Secretary determines is appropriate, unless the Secretary determines it is in the best interests of the employees of such employer (and the beneficiaries of such employees) to retain the assets in the plan, and

“(ii) such employer (and not the plan with respect to which the failure occurred or any other employer in such plan) shall, except to the extent provided by the Secretary, be liable for any liabilities with respect to such plan attributable to employees of such employer (or beneficiaries of such employees).

“(B) FAILURES BY POOLED PLAN PROVIDERS.—If the pooled plan provider of a plan described in paragraph (1)(B) does not perform substantially all of the administrative duties which are required of the provider under paragraph (3)(A)(i) for any plan year, the Secretary may provide that the determination as to whether the plan meets the requirements under this title applicable to a plan described in section 401(a) or to a plan that consists of individual retirement accounts described in section 408 (including by reason of subsection (c) thereof), whichever is applicable, shall be made in the same manner as would be made without regard to paragraph (1).

“(3) POOLED PLAN PROVIDER.—

“(A) IN GENERAL.—For purposes of this subsection, the term ‘pooled plan provider’ means, with respect to any plan, a person who—

“(i) is designated by the terms of the plan as a named fiduciary (within the meaning of section 402(a)(2) of the Employee Retirement In-

come Security Act of 1974), as the plan administrator, and as the person responsible to perform all administrative duties (including conducting proper testing with respect to the plan and the employees of each employer in the plan) which are reasonably necessary to ensure that—

“(I) the plan meets any requirement applicable under the Employee Retirement Income Security Act of 1974 or this title to a plan described in section 401(a) or to a plan that consists of individual retirement accounts described in section 408 (including by reason of subsection (c) thereof), whichever is applicable, and

“(II) each employer in the plan takes such actions as the Secretary or such person determines are necessary for the plan to meet the requirements described in subclause (I), including providing to such person any disclosures or other information which the Secretary may require or which such person otherwise determines are necessary to administer the plan or to allow the plan to meet such requirements,

“(ii) registers as a pooled plan provider with the Secretary, and provides such other information to the Secretary as the Secretary may require, before beginning operations as a pooled plan provider,

“(iii) acknowledges in writing that such person is a named fiduciary (within the meaning of section 402(a)(2) of the Employee Retirement Income Security Act of 1974), and the plan administrator, with respect to the plan, and

“(iv) is responsible for ensuring that all persons who handle assets of, or who are fiduciaries of, the plan are bonded in accordance with section 412 of the Employee Retirement Income Security Act of 1974.

“(B) AUDITS, EXAMINATIONS AND INVESTIGATIONS.—The Secretary may perform audits, examinations, and investigations of pooled plan providers as may be necessary to enforce and carry out the purposes of this subsection.

“(C) AGGREGATION RULES.—For purposes of this paragraph, in determining whether a person meets the requirements of this paragraph to be a pooled plan provider with respect to any plan, all persons who perform services for the plan and who are treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as one person.

“(D) TREATMENT OF EMPLOYERS AS PLAN SPONSORS.—Except with respect to the administrative duties of the pooled plan provider described in subparagraph (A)(i), each employer in a plan which has a pooled plan provider shall be treated as the plan sponsor with respect to the portion of the plan attributable to employees of such employer (or beneficiaries of such employees).

“(4) GUIDANCE.—The Secretary shall issue such guidance as the Secretary determines appropriate to carry out this subsection, including guidance—

“(A) to identify the administrative duties and other actions required to be performed by a pooled plan provider under this subsection,

“(B) which describes the procedures to be taken to terminate a plan which fails to meet the requirements to be a plan described in paragraph (1), including the proper treatment of, and actions needed to be taken by, any employer in the plan and the assets and liabilities of the plan attributable to employees of such employer (or beneficiaries of such employees), and

“(C) identifying appropriate cases to which the rules of paragraph (2)(A) will apply to employers in the plan failing to take the actions described in paragraph (1).

The Secretary shall take into account under subparagraph (C) whether the failure of an employer or pooled plan provider to provide any disclosures or other information, or to take any other action, necessary to administer a plan or to allow a plan to meet requirements applicable to the plan under section 401(a) or 408, whichever is applicable, has continued over a period