

105TH CONGRESS  
2D SESSION

# H. R. 4640

To amend the Internal Revenue Code of 1986 to provide that disposition of property produced by a qualified family-owned business does not trigger additional estate tax.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 1998

Mr. SMITH of Michigan 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 provide that disposition of property produced by a qualified family-owned business does not trigger additional estate tax.

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. SALE OR EXCHANGE OF PROPERTY PRODUCED**

4 **ON REAL ESTATE IN ORDINARY COURSE OF**

5 **BUSINESS BY QUALIFIED FAMILY-OWNED**

6 **BUSINESS.**

7 (a) IN GENERAL.—Subsection (c) of section 2057 of  
8 the Internal Revenue Code of 1986 (relating to tax treat-  
9 ment of dispositions and failures to use for qualified use)

1 is amended by adding at the end the following new para-  
2 graph:

3           “(8) SALE OR EXCHANGE OF PROPERTY PRO-  
4           DUCED IN THE ORDINARY COURSE OF BUSINESS.—  
5           Paragraph (1) shall not apply to the sale or ex-  
6           change of property produced through the qualified  
7           use of qualified real property.”.

8           (b) EFFECTIVE DATE.—The amendment made by  
9 subsection (a) shall apply to estates of decedents dying  
10 after the date of the enactment of this Act.

11 **SEC. 2. INTEREST ON ADDITIONAL ESTATE TAX.**

12           (a) IN GENERAL.—Subparagraph (A) of section  
13 2057(f)(2) (relating to additional estate tax) is amended  
14 to read as follows:

15           “(A) IN GENERAL.—The amount of addi-  
16           tional estate tax imposed by paragraph (1) shall  
17           be equal to the applicable percentage of the ad-  
18           justed tax difference attributable to the quali-  
19           fied family-owned business interests.”.

20           (b) EFFECTIVE DATE.—The amendment made by  
21 subsection (a) shall apply to estates of decedents dying  
22 after the date of the enactment of this Act.

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