

115TH CONGRESS
1ST SESSION

H. R. 4269

To amend the Internal Revenue Code of 1986 to eliminate the school voucher State tax credit loophole by limiting the double benefit of charitable contributions.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 2017

Ms. SEWELL of Alabama (for herself and Mr. DANNY K. DAVIS of Illinois) 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 eliminate the school voucher State tax credit loophole by limiting the double benefit of charitable contributions.

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 “Public Funds for Pub-
5 lic Schools Act”.

1 **SEC. 2. ELIMINATION OF SCHOOL VOUCHER STATE TAX**
2 **CREDIT LOOPHOLE BY LIMITING THE DOU-**
3 **BLE BENEFIT OF CHARITABLE CONTRIBU-**
4 **TIONS.**

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

8 “(19) LIMITATION ON DOUBLE BENEFIT IN
9 THE CASE OF STATE SCHOOL VOUCHER TAX BENE-
10 FITS.—

11 “(A) IN GENERAL.—The amount of any
12 charitable contribution otherwise taken into ac-
13 count under this section shall be reduced by any
14 State school voucher tax benefit with respect to
15 such contribution.

16 “(B) STATE SCHOOL VOUCHER TAX BEN-
17 EFIT.—For purposes of this paragraph, the
18 term ‘State school voucher tax benefit’ means
19 the aggregate amount of any State income tax
20 credits, and excess State income tax deductions,
21 provided to the taxpayer by a State for any con-
22 tribution to a specified school voucher organiza-
23 tion.

24 “(C) EXCESS STATE INCOME TAX DEDUC-
25 TIONS.—For purposes of this paragraph, the

1 term ‘excess State income tax deduction’ means
2 the product of—

3 “(i) the highest rate of State income
4 tax applicable to the taxpayer for the tax-
5 able year, multiplied by

6 “(ii) the excess (if any) of—

7 “(I) the State income tax deduc-
8 tion provided to the taxpayer with re-
9 spect to contributions by the taxpayer
10 to specified school voucher organiza-
11 tions, over

12 “(II) the amount of such con-
13 tributions.

14 “(D) SPECIFIED SCHOOL VOUCHER ORGA-
15 NIZATION.—For purposes of this paragraph,
16 the term ‘specified school voucher organization’
17 means any organization the primary purpose of
18 which is the provision of vouchers, scholarships,
19 or other funds, for the expenses of students to
20 attend elementary or secondary schools.

21 “(E) TREATMENT OF SIMILAR STATE BEN-
22 EFITS.—For purposes of this paragraph, any
23 State benefit which is economically equivalent
24 to a tax credit (including any payment) shall be
25 treated as a State income tax credit for pur-

1 poses of this paragraph and any State benefit
2 which is economically equivalent to a State in-
3 come tax deduction (including any exclusion
4 from gross income) shall be treated as a State
5 income tax deduction for purposes of this para-
6 graph.

7 “(20) SPECIAL RULE FOR CONTRIBUTIONS OF
8 BUILT-IN GAIN PROPERTY TO SPECIFIED SCHOOL
9 VOUCHER ORGANIZATIONS.—

10 “(A) IN GENERAL.—In the case of any
11 contribution by the taxpayer of built-in gain
12 property to a specified school voucher organiza-
13 tion, such contribution shall be treated for pur-
14 poses of this title as though such property were
15 sold by the taxpayer at its fair market value im-
16 mediately before such contribution and the
17 amount of such fair market value were contrib-
18 uted by the taxpayer as a cash contribution to
19 the specified school voucher organization.

20 “(B) DEFINITIONS.—For purposes of this
21 paragraph—

22 “(i) BUILT-IN GAIN PROPERTY.—The
23 term ‘built-in gain property’ means any
24 property if, immediately before the con-
25 tribution of such property, the fair market

1 value of such property exceeds the adjusted
2 basis of such property.

3 “(ii) SPECIFIED SCHOOL VOUCHER
4 ORGANIZATION.—The term ‘specified
5 school voucher organization’ has the mean-
6 ing given such term in paragraph (19).”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to charitable contributions made
9 in taxable years beginning after the date of the enactment
10 of this Act.

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