

115TH CONGRESS
1ST SESSION

H. R. 4424

To amend the Internal Revenue Code of 1986 to provide an exclusion from gross income for interest on certain small business loans.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 16, 2017

Mr. BLUM (for himself, Mr. CHABOT, and Mr. CRIST) 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 provide an exclusion from gross income for interest on certain small business loans.

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. EXCLUSION OF INTEREST ON CERTAIN SMALL**
4 **BUSINESS LOANS.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-
6 ter 1 of the Internal Revenue Code of 1986 is amended
7 by inserting after section 139F the following new section:

1 **“SEC. 139G. INTEREST ON CERTAIN SMALL BUSINESS**
2 **LOANS.**

3 “(a) IN GENERAL.—In the case of a bank described
4 in subsection (c), gross income shall not include qualified
5 interest received from a small business during the taxable
6 year.

7 “(b) QUALIFIED INTEREST.—The term ‘qualified in-
8 terest’ means, with respect to a small business, interest
9 on indebtedness of not more than \$5,000,000—

10 “(1) secured by land situated in the United
11 States that is used or held by the small business in
12 connection with the active conduct of a farming
13 business, or

14 “(2) incurred in the ordinary course of the
15 trade or business of the small business.

16 “(c) BANK DESCRIBED.—

17 “(1) IN GENERAL.—A bank is described in this
18 subsection if the bank has less than \$50 billion in
19 assets at the close of the preceding taxable year.

20 “(2) BANK DEFINED.—For purposes of this
21 subsection—

22 “(A) IN GENERAL.—The term ‘bank’
23 means—

24 “(i) any financial institution described
25 in section 581 or 591, and

1 “(ii) a corporation which, under the
2 laws of the State of its incorporation, is
3 subject to supervision and examination by
4 the Commissioner of Banking or other offi-
5 cer of such State in charge of the adminis-
6 tration of the banking laws of such State.

7 “(B) HOLDING COMPANY.—The term
8 ‘bank’ includes—

9 “(i) any bank holding company (with-
10 in the meaning of section 2(a) of the Bank
11 Holding Company Act of 1956), and

12 “(ii) any subsidiary of a financial in-
13 stitution described in section 581 or 591 or
14 of any bank holding company if such sub-
15 sidiary is predominantly engaged (directly
16 or indirectly) in the active conduct of a
17 banking, financing, or similar business.

18 “(d) SMALL BUSINESS.—The term ‘small business’
19 means a small business concern as defined under section
20 3 of the Small Business Act (15 U.S.C. 632).

21 “(e) FARMING BUSINESS.—The term ‘farming busi-
22 ness’ has the meaning given such term by section
23 263A(e)(4).

24 “(f) TERMINATION.—This section shall not apply to
25 interest received after December 31, 2018.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for part III of subchapter B of chapter 1 of such Code
3 is amended by inserting after the item relating to section
4 139F the following new item:

“Sec. 139G. Interest on certain small business loans.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to interest received in taxable years
7 beginning after December 31, 2017.

○