

116TH CONGRESS
2D SESSION

S. 5019

To amend the Internal Revenue Code of 1986 to limit the charitable deduction for certain qualified conservation contributions.

IN THE SENATE OF THE UNITED STATES

DECEMBER 15, 2020

Mr. DAINES (for himself, Ms. STABENOW, Mr. GRASSLEY, and Mr. WYDEN) 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 limit the charitable deduction for certain qualified conservation 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 “Charitable Conserva-
5 tion Easement Program Integrity Act of 2020”.

1 **SEC. 2. LIMITATION ON DEDUCTION FOR QUALIFIED CON-**
 2 **SERVATION CONTRIBUTIONS MADE BY PASS-**
 3 **THROUGH ENTITY.**

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

7 “(7) LIMITATION ON DEDUCTION FOR QUALI-
 8 FIED CONSERVATION CONTRIBUTIONS MADE BY
 9 PASS-THROUGH ENTITY.—

10 “(A) IN GENERAL.—In the case of any
 11 qualified conservation contribution of any part-
 12 nership (whether directly or as a distributive
 13 share of such contribution of another partner-
 14 ship), no amount of such contribution may be
 15 taken into account under this section by any
 16 partner of such partnership as a distributive
 17 share of such contribution if the aggregate
 18 amount so taken into account by such partner
 19 for the taxable year would (but for this para-
 20 graph) exceed 2.5 times the portion of the ad-
 21 justed basis of such partner’s interest in such
 22 partnership (determined immediately before
 23 such contribution and without regard to section
 24 752) which is allocable (under rules similar to
 25 the rules of section 755) to the qualified real

1 property interest with respect to which such
 2 contribution is made.

3 “(B) EXCEPTION FOR CONTRIBUTIONS
 4 OUTSIDE 3-YEAR HOLDING PERIOD.—Subpara-
 5 graph (A) shall not apply to a partner’s dis-
 6 tributive share of a qualified conservation con-
 7 tribution if such contribution is made—

8 “(i) at least 3 years after the date the
 9 partnership acquired the entirety of the
 10 qualified real property interest with respect
 11 to which such contribution is made,

12 “(ii) at least 3 years after the date
 13 the partner acquired the partner’s entire
 14 interest in the partnership with respect to
 15 which such distributive share is deter-
 16 mined, and

17 “(iii) if the interest in the partnership
 18 making such contribution is held through 1
 19 or more partnerships, at least 3 years after
 20 each such partnership acquired the entirety
 21 of the interest in any such partnership
 22 with respect to which such distributive
 23 share is determined.

24 “(C) EXCEPTION FOR FAMILY PARTNER-
 25 SHIPS.—Subparagraph (A) shall not apply with

1 respect to any qualified conservation contribu-
2 tion made by any partnership if substantially all
3 of the partnership interests in such partnership
4 are held, directly or indirectly, by individuals
5 who are members of the same family (within
6 the meaning of section 529(e)(2)).

7 “(D) APPLICATION TO OTHER PASS-
8 THROUGH ENTITIES.—Except as may be other-
9 wise provided by the Secretary, the rules of this
10 paragraph shall apply to S corporations and
11 other pass-through entities in the same manner
12 as such rules apply to partnerships.

13 “(E) REGULATIONS.—The Secretary shall
14 prescribe such regulations or other guidance as
15 may be necessary to carry out, and prevent the
16 avoidance of, the purposes of this paragraph,
17 including, in the case of tiered partnerships,
18 such reporting to the Secretary and among such
19 partnerships as the Secretary determines appro-
20 priate.”.

21 (b) EFFECTIVE DATE.—

22 (1) IN GENERAL.—Except as provided in para-
23 graph (2), the amendment made by this section shall
24 apply to contributions made in taxable years ending
25 after December 23, 2016.

1 (2) CERTIFIED HISTORIC STRUCTURES.—In the
2 case of contributions the conservation purpose (as
3 defined in section 170(h)(4) of the Internal Revenue
4 Code of 1986) of which is the preservation of a cer-
5 tified historic structure (as defined in section
6 170(h)(4)(C) of such Code), the amendment made
7 by this section shall apply to contributions made in
8 taxable years beginning after December 31, 2018.

9 (3) NO INFERENCE.—No inference is intended
10 as to the appropriate treatment of contributions
11 made in taxable years ending on or before the date
12 specified in paragraph (1) or (2), whichever is appli-
13 cable, or as to any activity not described in section
14 170(h)(7) of the Internal Revenue Code of 1986, as
15 added by this section.

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