

115TH CONGRESS 1ST SESSION

S. 1618

To amend the Internal Revenue Code of 1986 for purposes of the tax on private foundation excess business holdings to treat as outstanding any employee-owned stock purchased by a business enterprise pursuant to certain employee stock ownership retirement plans.

IN THE SENATE OF THE UNITED STATES

July 24, 2017

Ms. Stabenow 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 for purposes of the tax on private foundation excess business holdings to treat as outstanding any employee-owned stock purchased by a business enterprise pursuant to certain employee stock ownership retirement plans.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,

1	SECTION 1. CERTAIN PURCHASES OF EMPLOYEE-OWNED
2	STOCK DISREGARDED FOR PURPOSES OF
3	FOUNDATION TAX ON EXCESS BUSINESS
4	HOLDINGS.
5	(a) In General.—Section 4943(c)(4)(A) of the In-
6	ternal Revenue Code of 1986 is amended by adding at the
7	end the following new clause:
8	"(v) For purposes of clause (i), subpara-
9	graph (D), and paragraph (2), any voting stock
10	which—
11	"(I) is not readily tradable on an es-
12	tablished securities market,
13	"(II) is purchased by the business en-
14	terprise on or after January 1, 2005, from
15	an employee stock ownership plan (as de-
16	fined in section $4975(e)(7)$) in which em-
17	ployees of such business enterprise partici-
18	pate, in connection with a distribution
19	from such plan, and
20	"(III) is held by the business enter-
21	prise as treasury stock, cancelled, or re-
22	tired,
23	shall be treated as outstanding voting stock, but
24	only to the extent so treating such stock would
25	not result in permitted holdings exceeding 49
26	percent (determined without regard to this

clause). The preceding sentence shall not apply
with respect to the purchase of stock from a
plan during the 10-year period beginning on the
date the plan is established.".

(b) Effective Date.—

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

- (1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act and to purchases by a business enterprise of voting stock in taxable years beginning before, on, or after the date of the enactment of this Act.
- (2)SPECIAL RULE FOR GRANDFATHERED FOUNDATIONS IN CASE OF DECREASE IN OWNER-SHIP BYREASON OFPRE-ENACTMENT PUR-CHASES.—Section 4943(c)(4)(A)(ii) of the Internal Revenue Code of 1986 shall not apply with respect to any decrease in the percentage of holdings in a business enterprise by reason of the application of section 4943(c)(4)(A)(v) of such Code (as added by this section).

 \bigcirc