

114TH CONGRESS
2D SESSION

S. 3243

To amend the Internal Revenue Code of 1986 to help rebuild and renew rural communities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 14, 2016

Mr. GARDNER 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 help rebuild and renew rural communities, and for other purposes.

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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Rebuilding and Renewing Rural America Act of 2016”.

6 (b) **TABLE OF CONTENTS.**—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—REVITALIZING RURAL COMMUNITIES

Subtitle A—Philanthropic Facilitation

Sec. 101. Facilitation of program-related investments.

Sec. 102. Declaratory judgment remedy.

- Sec. 103. Information returns.
- Sec. 104. Publicity of information.
- Sec. 105. Conforming amendments.
- Sec. 106. Regulations.
- Sec. 107. Effective date.

Subtitle B—Rebuilding Rural Main Street

- Sec. 111. Tax credits for reduction of lead, radon, and asbestos hazards in rural commercial structures.

Subtitle C—Renewing Rural America

- Sec. 121. Additional new markets tax credit for rural renewal communities.

Subtitle D—Job Creator Credits

- Sec. 131. Expensing for rural renewal community businesses.
- Sec. 132. Reduced payroll taxes for individuals and businesses in rural renewal communities.

Subtitle E—Encouraging Small Business Start Ups

- Sec. 141. Renewal community business start-up savings accounts.

TITLE II—SETTING RURAL AMERICA FREE FROM OVERREGULATION

- Sec. 201. Short title.
- Sec. 202. Reducing excessive Government in rural America.

1 **TITLE I—REVITALIZING RURAL**
 2 **COMMUNITIES**

3 **Subtitle A—Philanthropic**
 4 **Facilitation**

5 **SEC. 101. FACILITATION OF PROGRAM-RELATED INVEST-**
 6 **MENTS.**

7 Subsection (c) of section 4944 of the Internal Rev-
 8 enue Code of 1986 is amended to read as follows:

9 “(c) PROGRAM-RELATED INVESTMENTS.—

10 “(1) TREATMENT OF PROGRAM-RELATED IN-

11 VESTMENTS.—For purposes of this subchapter, pro-

12 gram-related investments—

1 “(A) are not investments which jeopardize
2 the carrying out of one or more purposes de-
3 scribed in section 170(c)(2)(B),

4 “(B) are not business holdings under sec-
5 tion 4943, and

6 “(C) may be qualifying distributions under
7 section 4942.

8 “(2) PROGRAM-RELATED INVESTMENTS DE-
9 FINED.—

10 “(A) IN GENERAL.—For purposes of this
11 subchapter and chapter 61, an investment made
12 by a private foundation constitutes a program-
13 related investment if—

14 “(i) the primary purpose of the invest-
15 ment is to accomplish one or more of the
16 purposes described in section 170(c)(2)(B),

17 “(ii) no significant purpose of the in-
18 vestment is the production of income or
19 the appreciation of property, and

20 “(iii) no purpose of the investment is
21 to accomplish one or more of the purposes
22 described in section 170(c)(2)(D).

23 “(B) SPECIAL RULES.—For purposes of
24 subparagraph (A)—

1 “(i) determinations of whether an in-
2 vestment qualifies as a program-related in-
3 vestment shall be based on consideration of
4 all relevant facts and circumstances, and

5 “(ii) the fact that the entity produces
6 significant income or capital appreciation
7 shall not, in the absence of other factors,
8 be conclusive evidence of a significant pur-
9 pose involving the production of income or
10 the appreciation of property.

11 “(3) SAFE HARBOR DETERMINATIONS.—The
12 Secretary shall establish a procedure which shall be
13 substantially similar to the processes for recognition
14 of exemption under section 501(a) or 4945(g) and
15 under which an entity seeking to receive program-re-
16 lated investments may petition the Secretary for a
17 determination that, based on consideration of all rel-
18 evant facts and circumstances, investments by pri-
19 vate foundations in such entity will be program-re-
20 lated investments meeting the requirements of para-
21 graph (2). Under this procedure, the Secretary shall
22 rule on all requests within 120 days of submission.

23 “(4) EFFECT OF DETERMINATION.—Once a de-
24 termination has been made that investments in an
25 entity qualify as program-related investments, orga-

1 nizations making such investments shall be entitled
2 to rely on the determination, unless and until the
3 Secretary publishes notice of revocation of the deter-
4 mination.

5 “(5) VOLUNTARY NATURE OF PROCESS.—Enti-
6 ties seeking program-related investments are not re-
7 quired to seek a determination under paragraph (3),
8 and the absence of such a determination shall not
9 affect the ability of a private foundation to make a
10 program-related investment based on its own deter-
11 mination that the investment qualifies as a program-
12 related investment.

13 “(6) ORGANIZATIONS TREATED AS PRIVATE
14 FOUNDATIONS.—For purposes of this subsection and
15 section 6104A, all references to private foundations
16 include organizations that are treated as private
17 foundations under any of the provisions of sections
18 4940 through 4948, inclusive, whether created under
19 State law or the law of any federally recognized
20 tribe.”.

21 **SEC. 102. DECLARATORY JUDGMENT REMEDY.**

22 Paragraph (1) of section 7428(a) of the Internal Rev-
23 enue Code of 1986 is amended by striking “or” at the
24 end of subparagraph (C) and by adding after subpara-
25 graph (D) the following new subparagraph:

1 “(E) with respect to whether investments
2 in an entity are program-related investments
3 (as described in section 4944(c)(2)), or”.

4 **SEC. 103. INFORMATION RETURNS.**

5 Part III of subchapter A of chapter 61 of the Internal
6 Revenue Code of 1986 is amended by inserting after sec-
7 tion 6033 the following new section:

8 **“SEC. 6033A. INFORMATION REPORTING BY FOR-PROFIT**
9 **ORGANIZATIONS RECEIVING PROGRAM-RE-**
10 **LATED INVESTMENTS.**

11 “(a) ORGANIZATIONS REQUIRED TO FILE.—If in-
12 vestments in an entity have been determined to be pro-
13 gram-related investments through a determination of the
14 Internal Revenue Service pursuant to section 4944(c)(3)
15 or by a determination of a court pursuant to section
16 7428(a), the entity shall, in addition to any other applica-
17 ble filing obligations, file an annual return providing the
18 information specified in subsection (b) for any taxable
19 year in which it receives or retains one or more program-
20 related investments (as defined in section 4944(c)(2)).

21 “(b) REQUIRED REPORTING.—The return described
22 in subsection (a) shall provide, in such manner and at
23 such time as the Secretary may by forms or regulations
24 prescribe, the following information—

1 “(1) the organization’s gross income for the
2 year,

3 “(2) its expenses attributable to such income
4 incurred within the year,

5 “(3) its disbursements within the year for one
6 or more purposes described in section 170(c)(2)(B),
7 together with a narrative statement describing the
8 results obtained from the use of those assets for
9 such one or more purposes described in section
10 170(c)(2)(B),

11 “(4) a balance sheet showing its assets, liabil-
12 ities, and net worth as of the beginning and end of
13 such year,

14 “(5) the names and addresses of all private
15 foundations holding program-related investments in
16 the organization,

17 “(6) a statement of the portion of its liabilities
18 and net worth that represent capitalization obtained
19 by means of program-related investments as of the
20 beginning and end of such year,

21 “(7) a statement of any interest, dividends, or
22 other distributions paid with respect to any pro-
23 gram-related investments during the year, and

24 “(8) such other information as may be nec-
25 essary for the return described in subsection (a) to

1 satisfy the annual financial reporting required by the
2 expenditure responsibility rules pursuant to the reg-
3 ulations under section 4945 or as the Secretary may
4 by forms or regulations prescribe.”.

5 **SEC. 104. PUBLICITY OF INFORMATION.**

6 Subchapter B of chapter 61 of the Internal Revenue
7 Code of 1986 is amended by inserting after section 6104
8 the following new section:

9 **“SEC. 6104A. PUBLICITY OF INFORMATION REGARDING OR-**
10 **GANIZATIONS RECEIVING PROGRAM-RE-**
11 **LATED INVESTMENTS.**

12 “(a) INSPECTION OF PETITIONS FOR DETERMINA-
13 TION OF PROGRAM-RELATED INVESTMENT STATUS.—If
14 an entity seeks a determination pursuant to section
15 4944(c)(3) that investments by private foundations in
16 such organization will be program-related investments, the
17 petition seeking such a determination, together with any
18 documents submitted in support of such petition and any
19 determination or other document issued by the Internal
20 Revenue Service with respect to such petition, shall be
21 open to public inspection at the national office of the In-
22 ternal Revenue Service.

23 “(b) INSPECTION OF ANNUAL INFORMATION RE-
24 TURNS.—The information required to be furnished by sec-
25 tion 6033A, together with the names and addresses of

1 such entity, shall be made available to the public at such
2 times and in such places as the Secretary may prescribe.

3 “(c) PUBLIC INSPECTION OF PETITIONS AND AN-
4 NUAL INFORMATION RETURNS.—Any entity that receives
5 a determination from the Internal Revenue Service that
6 private foundation investments shall be program-related
7 investments pursuant to section 4944(c)(3) shall make
8 copies available at the organization’s principal office, dur-
9 ing regular business hours, of the petition for such deter-
10 mination (together with supporting materials provided
11 with the petition and documents issued by the Internal
12 Revenue Service with respect to such petition), as well as
13 the annual returns required by section 6033A filed by such
14 organization. Upon request of an individual made at such
15 principal office, copies of such petition materials and an-
16 nual reports shall be provided to such individual without
17 charge other than a reasonable fee for any reproduction
18 and mailing costs. The inspection and duplication rights
19 granted in this subsection shall apply to an annual return
20 only during the three-year period beginning on the last
21 day prescribed for filing such return (determined with re-
22 gard to any extension of time for filing).

23 “(d) LIMITATION ON PROVIDING COPIES.—Para-
24 graph (c) shall not apply to any request if, in accordance
25 with regulations promulgated by the Secretary, the entity

1 has made the requested documents widely available, or the
2 Secretary determines, upon application by an entity, that
3 such request is part of a harassment campaign and that
4 compliance with such request is not in the public inter-
5 est.”.

6 **SEC. 105. CONFORMING AMENDMENTS.**

7 (a) CONFORMING CHANGE TO SECTION 501(n).—
8 Paragraph (4)(A) of section 501(n) of the Internal Rev-
9 enue Code of 1986 is amended by inserting “paragraph
10 (2) of” before “section 4944(c).”

11 (b) CONFORMING CHANGE TO SECTION 514(b).—
12 Paragraph (1) of section 514(b) of the Internal Revenue
13 Code of 1986 is amended by redesignating subparagraphs
14 (D) and (E) as subparagraphs (E) and (F) and by insert-
15 ing after subparagraph (C) the following new subpara-
16 graph:

17 “(D) any property owned or treated as
18 owned by a private foundation by virtue of its
19 having made an investment in an entity that
20 has received a determination from the Internal
21 Revenue Service pursuant to section
22 4944(c)(3), or by a court pursuant to section
23 7428(a), that such investments in such entity
24 qualify as program-related investments;”.

1 (c) CONFORMING CHANGE TO SECTION 4943(d).—
2 Paragraph (3) of section 4943(d) of the Internal Revenue
3 Code of 1986 is amended by striking “or” at the end of
4 subparagraph (A), by redesignating subparagraph (B) as
5 subparagraph (C) and by inserting after subparagraph (A)
6 the following new subparagraph:

7 “(B) any program-related investment, as
8 defined in section 4944(c)(2), or”.

9 **SEC. 106. REGULATIONS.**

10 The Secretary of the Treasury shall, not later than
11 1 year after the date of the enactment of this Act, amend
12 any applicable regulations as may be necessary or appro-
13 priate to implement any amendments contained in this
14 subtitle or to carry out the purposes of this subtitle, in-
15 cluding providing additional examples of qualifying pro-
16 gram-related investments.

17 **SEC. 107. EFFECTIVE DATE.**

18 The amendments made by this subtitle shall apply to
19 investments made after the date of the enactment of this
20 Act in taxable years ending after such date.

1 **Subtitle B—Rebuilding Rural Main**
 2 **Street**

3 **SEC. 111. TAX CREDITS FOR REDUCTION OF LEAD, RADON,**
 4 **AND ASBESTOS HAZARDS IN RURAL COMMER-**
 5 **CIAL STRUCTURES.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-
 7 chapter A of chapter 1 of the Internal Revenue Code of
 8 1986 is amended by adding at the end the following new
 9 sections:

10 **“SEC. 45S. LEAD HAZARD REDUCTION ACTIVITY.**

11 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 12 lowed as a credit against the tax imposed by this chapter
 13 for the taxable year an amount equal to 10 percent of the
 14 lead hazard reduction activity cost paid or incurred by the
 15 taxpayer during the taxable year for each eligible commer-
 16 cial structure.

17 “(b) LIMITATION.—The amount of the credit allowed
 18 under subsection (a) for any eligible commercial structure
 19 for any taxable year shall not exceed \$1,000.

20 “(c) DEFINITIONS.—For purposes of this section:

21 “(1) CERTIFIED LEAD ABATEMENT SUPER-
 22 VISOR.—The term ‘certified lead abatement super-
 23 visor’ means an individual certified by the Environ-
 24 mental Protection Agency pursuant to section
 25 745.226 of title 40, Code of Federal Regulations, or

1 an appropriate State agency pursuant to section
2 745.325 of title 40, Code of Federal Regulations.

3 “(2) CERTIFIED INSPECTOR.—The term ‘cer-
4 tified inspector’ means an inspector certified by the
5 Environmental Protection Agency pursuant to sec-
6 tion 745.226 of title 40, Code of Federal Regula-
7 tions, or an appropriate State agency pursuant to
8 section 745.325 of title 40, Code of Federal Regula-
9 tions.

10 “(3) CERTIFIED RISK ASSESSOR.—The term
11 ‘certified risk assessor’ means a risk assessor cer-
12 tified by the Environmental Protection Agency pur-
13 suant to section 745.226 of title 40, Code of Federal
14 Regulations, or an appropriate State agency pursu-
15 ant to section 745.325 of title 40, Code of Federal
16 Regulations.

17 “(4) ELIGIBLE COMMERCIAL STRUCTURE.—The
18 term ‘eligible commercial structure’ means, with re-
19 spect to any taxable year, any building which is—

20 “(A) within the scope of Standard 90.1–
21 2007 (as defined in section 179(c)(2)),

22 “(B) placed in service before 2002, and

23 “(C) located in a rural renewal community
24 (as defined in section 45D(f)(4)(C)).

1 “(5) LEAD HAZARD REDUCTION ACTIVITY
2 COST.—

3 “(A) IN GENERAL.—The term ‘lead hazard
4 reduction activity cost’ means, with respect to
5 any eligible commercial structure—

6 “(i) the cost for a certified risk asses-
7 sor to conduct an assessment to determine
8 the presence of lead pipes or a lead-based
9 paint hazard,

10 “(ii) the cost for performing lead
11 abatement measures by a certified lead
12 abatement supervisor, including the re-
13 moval of lead pipes, the removal of paint
14 and dust, the permanent enclosure or en-
15 capsulation of lead-based paint, the re-
16 placement of painted surfaces, windows, or
17 fixtures, or the removal or permanent cov-
18 ering of soil when lead-based paint hazards
19 are present in such paint, dust, or soil, and

20 “(iii) the cost for a certified lead
21 abatement supervisor, those working under
22 the supervision of such supervisor, or a
23 qualified contractor to perform all prepara-
24 tion, cleanup, disposal, and clearance test-

1 ing activities associated with the lead
2 abatement measures.

3 “(B) LIMITATIONS.—

4 “(i) OTHER FUNDING.—The term
5 ‘lead hazard reduction activity cost’ does
6 not include any cost to the extent such cost
7 is funded by any grant, contract, or other-
8 wise by another person or any govern-
9 mental agency.

10 “(ii) INITIAL COSTS MUST BE IN-
11 CURRED BEFORE 2020.—In the case of an
12 eligible commercial structure for which no
13 significant lead hazard reduction activity
14 cost has been incurred before January 1,
15 2020, the term ‘lead hazard reduction ac-
16 tivity cost’ shall not include any cost paid
17 or incurred on or after such date.

18 “(6) LEAD-BASED PAINT HAZARD.—The term
19 ‘lead-based paint hazard’ has the meaning given
20 such term by section 745.63 of title 40, Code of
21 Federal Regulations.

22 “(7) QUALIFIED CONTRACTOR.—The term
23 ‘qualified contractor’ means a Lead-Safe Certified
24 Firm or certified renovator under the Lead Renova-

1 tion, Repair and Painting Program of the Environ-
2 mental Protection Agency.

3 “(d) SPECIAL RULES.—

4 “(1) DOCUMENTATION REQUIRED FOR CREDIT
5 ALLOWANCE.—No credit shall be allowed under sub-
6 section (a) with respect to any eligible commercial
7 structure for any taxable year unless—

8 “(A) after lead hazard reduction activity is
9 complete, a certified inspector or certified risk
10 assessor provides written documentation to the
11 taxpayer that includes—

12 “(i) evidence that the eligible commer-
13 cial structure meets lead hazard evaluation
14 criteria established by the Environmental
15 Protection Agency or under an authorized
16 State or local program, and

17 “(ii) documentation showing that the
18 lead hazard reduction activity meets the
19 requirements of this section, and

20 “(B) the taxpayer files with the appro-
21 priate State agency and attaches to the tax re-
22 turn for the taxable year—

23 “(i) the documentation described in
24 subparagraph (A),

1 “(ii) documentation of the lead hazard
2 reduction activity costs paid or incurred
3 during the taxable year with respect to the
4 eligible commercial structure, and

5 “(iii) a statement certifying that the
6 commercial structure qualifies as an eligi-
7 ble commercial structure for such taxable
8 year.

9 “(2) BASIS REDUCTION.—The basis of any
10 property for which a credit is allowable under sub-
11 section (a) shall be reduced by the amount of such
12 credit.

13 “(3) NO DOUBLE BENEFIT.—Any deduction al-
14 lowable for costs taken into account in computing
15 the amount of the credit for lead-based paint abate-
16 ment shall be reduced by the amount of such credit
17 attributable to such costs.

18 **“SEC. 45T. RADON HAZARD REDUCTION ACTIVITY.**

19 “(a) ALLOWANCE OF CREDIT.—There shall be al-
20 lowed as a credit against the tax imposed by this chapter
21 for the taxable year an amount equal to 10 percent of the
22 radon hazard reduction activity cost paid or incurred by
23 the taxpayer during the taxable year for each eligible com-
24 mercial structure.

1 “(b) LIMITATION.—The amount of the credit allowed
2 under subsection (a) for any eligible commercial structure
3 for any taxable year shall not exceed \$1,000.

4 “(c) DEFINITIONS.—For purposes of this section:

5 “(1) ELIGIBLE COMMERCIAL STRUCTURE.—The
6 term ‘eligible commercial structure’ means, with re-
7 spect to any taxable year, any building which is—

8 “(A) within the scope of Standard 90.1–
9 2007 (as defined in section 179(c)(2)),

10 “(B) placed in service before 2002, and

11 “(C) located in a rural renewal community
12 (as defined in section 45D(f)(4)(C)).

13 “(2) QUALIFIED RADON MEASUREMENT PRO-
14 FESSIONAL.—The term ‘qualified radon measure-
15 ment professional’ means an individual who has
16 demonstrated the minimum degree of appropriate
17 technical knowledge and skills specific to radon
18 measurement in conformance with the requirements
19 of—

20 “(A) a certification standard promulgated
21 by the American National Standards Institute
22 or International Organization for Standardiza-
23 tion,

24 “(B) a State, local or other governmental
25 licensing (or equivalent) program, or

1 “(C) any other recognized or accredited
2 certification process as determined by the Sec-
3 retary.

4 “(3) QUALIFIED RADON MITIGATION PROFES-
5 SIONAL.—The term ‘qualified radon mitigation pro-
6 fessional’ means an individual who has demonstrated
7 the minimum degree of appropriate technical knowl-
8 edge and skills specific to radon mitigation in con-
9 formance with the requirements of—

10 “(A) a certification standard promulgated
11 by the American National Standards Institute
12 or International Organization for Standardiza-
13 tion,

14 “(B) a State, local or other governmental
15 licensing (or equivalent) program, or

16 “(C) any other recognized or accredited
17 certification process as determined by the Sec-
18 retary.

19 “(4) RADON.—The term ‘radon’ has the mean-
20 ing given the term in section 302 of the Toxic Sub-
21 stances Control Act (15 U.S.C. 2662).

22 “(5) RADON HAZARD REDUCTION ACTIVITY
23 COST.—

1 “(A) IN GENERAL.—The term ‘radon haz-
2 ard reduction activity cost’ means, with respect
3 to any eligible commercial structure—

4 “(i) the cost for a qualified radon
5 measurement professional to conduct an
6 assessment to determine the indoor radon
7 level of the commercial structure, and

8 “(ii) if the indoor radon level of the
9 commercial structure is not less than 2
10 picocuries per liter of air, as determined by
11 a qualified radon measurement profes-
12 sional, the cost for performing radon
13 abatement measures by a qualified radon
14 mitigation professional.

15 “(B) LIMITATIONS.—

16 “(i) OTHER FUNDING.—The term
17 ‘radon hazard reduction activity cost’ does
18 not include any cost to the extent such cost
19 is funded by any grant, contract, or other-
20 wise by another person or any govern-
21 mental agency.

22 “(ii) INITIAL COSTS MUST BE IN-
23 CURRED BEFORE 2020.—In the case of an
24 eligible commercial structure for which no
25 significant radon hazard reduction activity

1 cost has been incurred before January 1,
2 2020, the term ‘radon hazard reduction ac-
3 tivity cost’ shall not include any cost paid
4 or incurred on or after such date.

5 “(d) SPECIAL RULES.—

6 “(1) DOCUMENTATION REQUIRED FOR CREDIT
7 ALLOWANCE.—No credit shall be allowed under sub-
8 section (a) with respect to any eligible commercial
9 structure for any taxable year unless—

10 “(A) after radon hazard reduction activity
11 is complete, a qualified radon measurement pro-
12 fessional provides written documentation to the
13 taxpayer that includes—

14 “(i) evidence that the eligible commer-
15 cial structure meets radon hazard evalua-
16 tion criteria established under an author-
17 ized State or local program, and

18 “(ii) documentation showing that the
19 radon hazard reduction activity meets the
20 requirements of this section, and

21 “(B) the taxpayer files with the appro-
22 priate State agency and attaches to the tax re-
23 turn for the taxable year—

24 “(i) the documentation described in
25 subparagraph (A),

1 “(ii) documentation of the radon haz-
2 ard reduction activity costs paid or in-
3 curred during the taxable year with respect
4 to the eligible commercial structure, and

5 “(iii) a statement certifying that the
6 commercial structure qualifies as an eligi-
7 ble commercial structure for such taxable
8 year.

9 “(2) BASIS REDUCTION.—The basis of any
10 property for which a credit is allowable under sub-
11 section (a) shall be reduced by the amount of such
12 credit.

13 “(3) NO DOUBLE BENEFIT.—Any deduction al-
14 lowable for costs taken into account in computing
15 the amount of the credit for radon abatement shall
16 be reduced by the amount of such credit attributable
17 to such costs.

18 **“SEC. 45U. ASBESTOS HAZARD REDUCTION ACTIVITY.**

19 “(a) ALLOWANCE OF CREDIT.—There shall be al-
20 lowed as a credit against the tax imposed by this chapter
21 for the taxable year an amount equal to 10 percent of the
22 asbestos hazard reduction activity cost paid or incurred
23 by the taxpayer during the taxable year for each eligible
24 commercial structure.

1 “(b) LIMITATION.—The amount of the credit allowed
2 under subsection (a) for any eligible commercial structure
3 for any taxable year shall not exceed \$1,000.

4 “(c) DEFINITIONS.—For purposes of this section:

5 “(1) ACCREDITED ASBESTOS ABATEMENT CON-
6 TRACTOR OR SUPERVISOR.—The term ‘accredited as-
7 bestos abatement contractor or supervisor’ means
8 any person accredited as a contractor or supervisor
9 under the Asbestos Model Accreditation Plan of the
10 Environmental Protection Agency.

11 “(2) ACCREDITED ASBESTOS INSPECTOR.—The
12 term ‘accredited asbestos inspector’ means any per-
13 son accredited as an inspector under the Asbestos
14 Model Accreditation Plan of the Environmental Pro-
15 tection Agency.

16 “(3) ASBESTOS.—The term ‘asbestos’ has the
17 meaning given the term in section 202 of the Toxic
18 Substances Control Act (15 U.S.C. 2642).

19 “(4) ASBESTOS HAZARD.—The term ‘asbestos
20 hazard’ has the meaning given the term ‘imminent
21 hazard to the health and safety’ in section 11 of the
22 Asbestos School Hazard Detection and Control Act
23 of 1980 (20 U.S.C. 3610).

24 “(5) ASBESTOS HAZARD REDUCTION ACTIVITY
25 COST.—

1 “(A) IN GENERAL.—The term ‘asbestos
2 hazard reduction activity cost’ means, with re-
3 spect to any eligible commercial structure—

4 “(i) the cost for an accredited asbes-
5 tos inspector to conduct an assessment to
6 determine the presence of a asbestos haz-
7 ard,

8 “(ii) the cost for performing asbestos
9 abatement measures by an accredited as-
10 bestos abatement contractor or supervisor,

11 “(iii) the cost for performing interim
12 asbestos control measures to reduce expo-
13 sure or likely exposure to asbestos hazards,
14 but only if such measures are evaluated
15 and completed by an accredited asbestos
16 abatement contractor or supervisor using
17 accepted methods, are conducted by an ac-
18 credited asbestos abatement contractor or
19 supervisor, and have an expected useful life
20 of more than 10 years, and

21 “(iv) the cost for an accredited asbes-
22 tos abatement supervisor, those working
23 under the supervision of such supervisor,
24 or an accredited asbestos abatement con-
25 tractor or supervisor to perform all prepa-

1 ration, cleanup, disposal, and clearance
2 testing activities associated with the asbes-
3 tos abatement measures or interim asbes-
4 tos control measures.

5 “(B) LIMITATIONS.—

6 “(i) OTHER FUNDING.—The term ‘as-
7 bestos hazard reduction activity cost’ does
8 not include any cost to the extent such cost
9 is funded by any grant, contract, or other-
10 wise by another person or any govern-
11 mental agency.

12 “(ii) INITIAL COSTS MUST BE IN-
13 CURRED BEFORE 2020.—In the case of an
14 eligible commercial structure for which no
15 significant asbestos hazard reduction activ-
16 ity cost has been incurred before January
17 1, 2020, the term ‘asbestos hazard reduc-
18 tion activity cost’ shall not include any cost
19 paid or incurred on or after such date.

20 “(6) ELIGIBLE COMMERCIAL STRUCTURE.—The
21 term ‘eligible commercial structure’ means, with re-
22 spect to any taxable year, any building which is—

23 “(A) within the scope of Standard 90.1–
24 2007 (as defined in section 179(c)(2)),

25 “(B) placed in service before 2002, and

1 “(C) located in a rural renewal community
2 (as defined in section 45D(f)(4)(C)).

3 “(d) SPECIAL RULES.—

4 “(1) DOCUMENTATION REQUIRED FOR CREDIT
5 ALLOWANCE.—No credit shall be allowed under sub-
6 section (a) with respect to any eligible commercial
7 structure for any taxable year unless—

8 “(A) after asbestos hazard reduction activ-
9 ity is complete, an accredited asbestos inspector
10 provides written documentation to the taxpayer
11 that includes—

12 “(i) evidence that the eligible commer-
13 cial structure meets asbestos hazard eval-
14 uation criteria established under an au-
15 thorized State or local program, and

16 “(ii) documentation showing that the
17 asbestos hazard reduction activity meets
18 the requirements of this section, and

19 “(B) the taxpayer files with the appro-
20 priate State agency and attaches to the tax re-
21 turn for the taxable year—

22 “(i) the documentation described in
23 subparagraph (A),

24 “(ii) documentation of the asbestos
25 hazard reduction activity costs paid or in-

1 curred during the taxable year with respect
2 to the eligible commercial structure, and

3 “(iii) a statement certifying that the
4 commercial structure qualifies as an eligi-
5 ble commercial structure for such taxable
6 year.

7 “(2) BASIS REDUCTION.—The basis of any
8 property for which a credit is allowable under sub-
9 section (a) shall be reduced by the amount of such
10 credit.

11 “(3) NO DOUBLE BENEFIT.—Any deduction al-
12 lowable for costs taken into account in computing
13 the amount of the credit for asbestos abatement
14 shall be reduced by the amount of such credit attrib-
15 utable to such costs.”

16 (b) TECHNICAL AMENDMENTS.—

17 (1) Section 38(b) is amended—

18 (A) in paragraph (35), by striking “plus”
19 at the end,

20 (B) in paragraph (36), by striking the pe-
21 riod at the end and inserting a comma, and

22 (C) by adding at the end the following new
23 paragraphs:

24 “(37) the lead hazard reduction activity credit
25 determined under section 45S(a),

1 “(38) the radon hazard reduction activity credit
2 determined under section 45T(a), plus

3 “(39) the asbestos hazard reduction activity
4 credit determined under section 45U(a).”.

5 (2) The table of sections for subpart D of part
6 IV of subchapter A of chapter 1 is amended by add-
7 ing at the end the following new items:

“Sec. 45S. Lead hazard reduction activity.

“Sec. 45T. Radon hazard reduction activity.

“Sec. 45U. Asbestos hazard reduction activity.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to costs incurred after December
10 31, 2016, in taxable years ending after that date.

11 **Subtitle C—Renewing Rural** 12 **America**

13 **SEC. 121. ADDITIONAL NEW MARKETS TAX CREDIT FOR** 14 **RURAL RENEWAL COMMUNITIES.**

15 (a) ALLOCATIONS DESIGNATED FOR RURAL RE-
16 NEWAL.—Section 45D(f) of the Internal Revenue Code of
17 1986 is amended by adding at the end the following new
18 paragraph:

19 “(4) ADDITIONAL LIMITATION FOR RURAL RE-
20 NEWAL COMMUNITIES.—

21 “(A) IN GENERAL.—The new markets tax
22 credit limitation otherwise determined under
23 paragraph (1) shall be increased by
24 \$3,500,000,000 for 2017, 2018, and 2019. A

1 qualified community development entity shall be
2 eligible for an allocation under paragraph (2) of
3 the increase described in the preceding sentence
4 only if a significant mission of such entity is
5 serving, or providing investment capital for,
6 rural renewal communities.

7 “(B) APPLICATION OF CARRYOVER.—Para-
8 graph (3) shall be applied separately with re-
9 spect to the increase provided under this para-
10 graph.

11 “(C) RURAL RENEWAL COMMUNITY.—For
12 purposes of this paragraph, the term ‘rural re-
13 newal community’ means any low-income com-
14 munity—

15 “(i) which—

16 “(I) has a population of at least
17 200 people but not more than 25,000
18 people, and

19 “(II) is not located in a metro-
20 politan area which has a population of
21 200,000 or more, or

22 “(ii) which is entirely within an In-
23 dian reservation (as determined by the
24 Secretary of the Interior).”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to calendar years beginning after
 3 December 31, 2016.

4 **Subtitle D—Job Creator Credits**

5 **SEC. 131. EXPENSING FOR RURAL RENEWAL COMMUNITY** 6 **BUSINESSES.**

7 (a) IN GENERAL.—Part IV of subchapter B of chap-
 8 ter 1 of the Internal Revenue Code of 1986 is amended
 9 by inserting after section 179E the following new section:
 10 **“SEC. 179F. EXPENSING FOR RURAL RENEWAL COMMUNITY**
 11 **BUSINESSES.**

12 “(a) IN GENERAL.—A rural renewal community busi-
 13 ness may elect to treat the cost of any qualified property
 14 as property which is not chargeable to capital account.
 15 Any cost so treated shall be allowed as a deduction for
 16 the taxable year in which the qualified property is placed
 17 in service.

18 “(b) QUALIFIED PROPERTY.—For purposes of this
 19 section, the term ‘qualified property’ means property—

20 “(1) which is—

21 “(A) tangible property (to which section
 22 168 applies), or

23 “(B) computer software (as defined in sec-
 24 tion 197(e)(3)(B)) which is described in section

1 197(e)(3)(A)(i) and to which section 167 ap-
2 plies,

3 “(2) which is section 1245 property (as defined
4 in section 1245(a)(3)), and

5 “(3) which is acquired by purchase (as defined
6 in section 179(d)(2)) for use in the active conduct
7 of a trade or business.

8 Such term shall not include any property described in sec-
9 tion 50(b).

10 “(c) RURAL RENEWAL COMMUNITY BUSINESS.—For
11 purposes of this section—

12 “(1) IN GENERAL.—The term ‘rural renewal
13 community business’ means—

14 “(A) any rural renewal community busi-
15 ness entity, and

16 “(B) any rural renewal community propri-
17 etorship.

18 “(2) RURAL RENEWAL COMMUNITY BUSINESS
19 ENTITY.—The term ‘rural renewal community busi-
20 ness entity’ means, with respect to any taxable year,
21 any corporation or partnership if for such year—

22 “(A) every trade or business of such entity
23 is the active conduct of a qualified business
24 within a rural renewal community,

1 “(B) at least 50 percent of the total gross
2 income of such entity is derived from the active
3 conduct of such business,

4 “(C) a substantial portion of the use of the
5 tangible property of such entity (whether owned
6 or leased) is within an rural renewal commu-
7 nity,

8 “(D) a substantial portion of the intangible
9 property of such entity is used in the active
10 conduct of any such business,

11 “(E) a substantial portion of the services
12 performed for such entity by its employees are
13 performed in a rural renewal community,

14 “(F) at least 35 percent of its employees
15 are residents of a rural renewal community,

16 “(G) less than 5 percent of the average of
17 the aggregate unadjusted bases of the property
18 of such entity is attributable to collectibles (as
19 defined in section 408(m)(2)) other than col-
20 lectibles that are held primarily for sale to cus-
21 tomers in the ordinary course of such business,
22 and

23 “(H) less than 5 percent of the average of
24 the aggregate unadjusted bases of the property
25 of such entity is attributable to nonqualified fi-

1 nancial property (as defined in section
2 1397C(e)).

3 “(3) RURAL RENEWAL COMMUNITY PROPRI-
4 ETORSHIP.—The term ‘rural renewal community
5 proprietorship’ means, with respect to any taxable
6 year, any qualified business carried on by an indi-
7 vidual as a proprietorship if for such year—

8 “(A) at least 50 percent of the total gross
9 income of such individual from such business is
10 derived from the active conduct of such busi-
11 ness in a rural renewal community,

12 “(B) a substantial portion of the use of the
13 tangible property of such individual in such
14 business (whether owned or leased) is within a
15 rural renewal community,

16 “(C) a substantial portion of the intangible
17 property of such business is used in the active
18 conduct of such business,

19 “(D) a substantial portion of the services
20 performed for such individual in such business
21 by employees of such business are performed in
22 a rural renewal community,

23 “(E) at least 35 percent of such employees
24 are residents of a rural renewal community,

1 “(F) less than 5 percent of the average of
2 the aggregate unadjusted bases of the property
3 of such individual which is used in such busi-
4 ness is attributable to collectibles (as defined in
5 section 408(m)(2)) other than collectibles that
6 are held primarily for sale to customers in the
7 ordinary course of such business, and

8 “(G) less than 5 percent of the average of
9 the aggregate unadjusted bases of the property
10 of such individual which is used in such busi-
11 ness is attributable to nonqualified financial
12 property.

13 For purposes of this paragraph, the term ‘em-
14 ployee’ includes the proprietor.

15 “(4) RURAL RENEWAL COMMUNITY.—The term
16 ‘rural renewal community’ has the meaning given
17 such term under section 45D(f)(4)(C).

18 “(5) TREATMENT OF BUSINESSES STRADDLING
19 CENSUS TRACT LINES.—For purposes of paragraphs
20 (2) and (3), rules similar to the rules of section
21 1397C(f) shall apply.

22 “(d) SPECIAL RULES.—For purposes of this sec-
23 tion—

24 “(1) COST.—Rules similar to the rules of sec-
25 tion 179(d)(3) shall apply.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 December 31, 2016.

4 **SEC. 132. REDUCED PAYROLL TAXES FOR INDIVIDUALS**
5 **AND BUSINESSES IN RURAL RENEWAL COM-**
6 **MUNITIES.**

7 (a) IN GENERAL.—

8 (1) EMPLOYEES.—In the case of employment
9 during 2017, 2018, and 2019, the rate of tax under
10 3101(a) of the Internal Revenue Code of 1986 (in-
11 cluding for purposes of determining the applicable
12 percentage under sections 3201(a) and 3211(a)(1)
13 of such Code) shall be 4.2 percent for any remunera-
14 tion received during any period in which the individ-
15 ual's principal residence (within the meaning of sec-
16 tion 121 of such Code) is located in a rural renewal
17 community.

18 (2) EMPLOYERS.—

19 (A) IN GENERAL.—In the case of employ-
20 ment during 2017, 2018, and 2019, the rate of
21 tax under section 3111(a) of the Internal Rev-
22 enue Code of 1986 (including for purposes of
23 determining the applicable percentage under
24 sections 3221(a) of such Code) for any rural re-
25 newal community business entity shall be 4.2

1 percent with respect to remuneration paid for
2 qualified services.

3 (B) QUALIFIED SERVICES.—For purposes
4 of this section, the term “qualified services”
5 means services performed—

6 (i) in a trade or business of a rural
7 renewal community business entity, or

8 (ii) in the case of a rural renewal
9 community business entity exempt from
10 tax under section 501(a) of the Internal
11 Revenue Code of 1986, in furtherance of
12 the activities related to the purpose or
13 function constituting the basis of the em-
14 ployer’s exemption under section 501 of
15 such Code.

16 (3) SELF-EMPLOYED INDIVIDUALS.—In the
17 case of self-employment income for taxable years be-
18 ginning in 2017, 2018, or 2019 which is attributable
19 to a rural renewal community proprietorship, the
20 rate of tax under section 1401(a) shall be 8.40 per-
21 cent.

22 (b) DEFINITIONS.—For purposes of this section—

23 (1) RURAL RENEWAL COMMUNITY.—The term
24 “rural renewal community” has the meaning given

1 such term under section 45D(f)(4)(C) of the Inter-
2 nal Revenue Code of 1986.

3 (2) RURAL RENEWAL COMMUNITY BUSINESS
4 ENTITY.—The term “rural renewal community busi-
5 ness entity” has the meaning given such term under
6 section 179F(c)(2) of the Internal Revenue Code of
7 1986.

8 (3) RURAL RENEWAL COMMUNITY PROPRIETOR-
9 SHIP.—The term “rural renewal community propri-
10 etorship” has the meaning given such term under
11 section 179F(c)(3) of the Internal Revenue Code of
12 1986.

13 (c) TRANSFERS OF FUNDS.—

14 (1) TRANSFERS TO FEDERAL OLD-AGE AND
15 SURVIVORS INSURANCE TRUST FUND.—There are
16 hereby appropriated to the Federal Old-Age and
17 Survivors Trust Fund and the Federal Disability In-
18 surance Trust Fund established under section 201
19 of the Social Security Act (42 U.S.C. 401) amounts
20 equal to the reduction in revenues to the Treasury
21 by reason of the application of subsection (a).
22 Amounts appropriated by the preceding sentence
23 shall be transferred from the general fund at such
24 times and in such manner as to replicate to the ex-
25 tent possible the transfers which would have oc-

1 curred to such Trust Fund had such amendments
2 not been enacted.

3 (2) TRANSFERS TO SOCIAL SECURITY EQUIVA-
4 LENT BENEFIT ACCOUNT.—There are hereby appro-
5 priated to the Social Security Equivalent Benefit Ac-
6 count established under section 15A(a) of the Rail-
7 road Retirement Act of 1974 (45 U.S.C. 231n–1(a))
8 amounts equal to the reduction in revenues to the
9 Treasury by reason of the application of paragraphs
10 (1) and (2) of subsection (a). Amounts appropriated
11 by the preceding sentence shall be transferred from
12 the general fund at such times and in such manner
13 as to replicate to the extent possible the transfers
14 which would have occurred to such Account had
15 such amendments not been enacted.

16 (3) COORDINATION WITH OTHER FEDERAL
17 LAWS.—For purposes of applying any provision of
18 Federal law other than the provisions of the Internal
19 Revenue Code of 1986, the rate of tax in effect
20 under section 3101(a) shall be determined without
21 regard to the reduction in such rate under this sec-
22 tion.

1 **Subtitle E—Encouraging Small**
2 **Business Start Ups**

3 **SEC. 141. RENEWAL COMMUNITY BUSINESS START-UP SAV-**
4 **INGS ACCOUNTS.**

5 (a) IN GENERAL.—Part VIII of subchapter B of
6 chapter 1 of the Internal Revenue Code of 1986 is amend-
7 ed by redesignating section 224 as section 225 and insert-
8 ing after section 223 the following new section:

9 **“SEC. 224. RENEWAL COMMUNITY BUSINESS START-UP SAV-**
10 **INGS ACCOUNTS.**

11 “(a) ALLOWANCE OF DEDUCTION.—In the case of an
12 individual, there shall be allowed as a deduction for the
13 taxable year an amount equal to amount of contributions
14 made to the rural renewal community business start-up
15 savings account of such individual.

16 “(b) RURAL RENEWAL COMMUNITY BUSINESS
17 START-UP SAVINGS ACCOUNT.—The term ‘rural renewal
18 community business start-up savings account’ means a
19 trust created or organized in the United States exclusively
20 for the purpose of paying the eligible costs of the indi-
21 vidual who is the designated beneficiary of the trust (and
22 designated as a renewal community business start-up sav-
23 ings account at the time created or organized), but only
24 if the written governing instrument creating the trust
25 meets the following requirements:

1 “(1) Except in the case of a rollover contribu-
2 tion described in subsection (d)(4), no contribution
3 will be accepted unless it is in cash, and contribu-
4 tions will not be accepted if such contribution would
5 result in aggregate contributions to all rural renewal
6 community business start-up savings account of the
7 individual for such taxable year and all prior taxable
8 years exceeding \$50,000.

9 “(2) The trustee is a bank (as defined in sec-
10 tion 408(n)) or such other person who demonstrates
11 to the satisfaction of the Secretary that the manner
12 in which such other person will administer the trust
13 will be consistent with the requirements of this sec-
14 tion.

15 “(3) No part of the trust funds will be invested
16 in life insurance contracts.

17 “(4) The assets of the trust will not be commin-
18 gled with other property except in a common trust
19 fund or common investment fund.

20 “(c) TAX TREATMENT OF ACCOUNTS.—

21 “(1) IN GENERAL.—A rural renewal community
22 business start-up savings account shall be exempt
23 from taxation under this subtitle. Notwithstanding
24 the preceding sentence, the renewal community busi-
25 ness start-up savings account shall be subject to the

1 taxes imposed by section 511 (relating to imposition
2 of tax on unrelated business income of charitable or-
3 ganizations).

4 “(2) ACCOUNT TERMINATIONS.—Rules similar
5 to the rules of paragraphs (2) and (4) of section
6 408(e) shall apply to rural renewal community busi-
7 ness start-up savings accounts, and any amount
8 treated as distributed under such rules shall be
9 treated as not used to pay for eligible costs.

10 “(d) TAX TREATMENT OF DISTRIBUTIONS.—

11 “(1) QUALIFIED DISTRIBUTIONS.—

12 “(A) IN GENERAL.—Any qualified distribu-
13 tion from a rural renewal community business
14 start-up savings account shall not be included
15 in gross income.

16 “(B) QUALIFIED DISTRIBUTION.—For
17 purposes of this section, the term ‘qualified dis-
18 tribution’ means the amount of any payment or
19 distribution made from a rural renewal commu-
20 nity business start-up savings account during
21 the taxable year to the extent that such dis-
22 tribution does not exceed the lesser of—

23 “(i) the eligible costs paid or incurred
24 by the taxpayer during the taxable year
25 which are made not later than the last day

1 of the 5th taxable year beginning after the
2 initial distribution from the account, or

3 “(ii) \$50,000.

4 For purposes of clause (i), a taxpayer shall be
5 treated as having paid or incurred the tax-
6 payer’s allocable share of eligible costs of any
7 entity in which the taxpayer directly holds stock
8 or a capital or profits interest.

9 “(C) ELIGIBLE COSTS.—

10 “(i) IN GENERAL.—For purposes of
11 this section, the term ‘eligible costs’ means
12 costs paid or incurred by the taxpayer with
13 respect to the designated rural renewal
14 community business of the taxpayer for op-
15 erating capital, the purchase of equipment
16 or facilities, marketing, training, incorpo-
17 ration, and accounting fees.

18 “(ii) DESIGNATED RURAL RENEWAL
19 COMMUNITY BUSINESS.—For purposes of
20 clause (i), the term ‘designated rural re-
21 newal community business’ means—

22 “(I) any rural renewal commu-
23 nity business entity (as defined in sec-
24 tion 179F(c)) in which the taxpayer is
25 a shareholder or partner and which is

1 designated by the taxpayer for pur-
2 poses of this section, or

3 “(II) any rural renewal commu-
4 nity proprietorship of which the tax-
5 payer is the owner and which is des-
6 ignated by the taxpayer for purposes
7 of this section.

8 Any designation made under this clause,
9 once made, may not be revoked.

10 “(D) DISALLOWANCE OF EXCLUDED
11 AMOUNTS AS DEDUCTION, CREDIT, OR EXCLU-
12 SION.—No deduction, credit, or exclusion shall
13 be allowed to the taxpayer under any other sec-
14 tion of this chapter for any qualified distribu-
15 tion to the extent taken into account in deter-
16 mining the amount of the exclusion under this
17 paragraph.

18 “(2) NONQUALIFIED DISTRIBUTIONS.—

19 “(A) IN GENERAL.—Any amount paid or
20 distributed out of a rural renewal community
21 business start-up savings account which is not
22 a qualified distribution, including any amount
23 paid out pursuant to a termination of such an
24 account, shall be included in the gross income
25 of the taxpayer as provided in section 72.

1 “(B) TREATMENT OF AMOUNTS REMAIN-
2 ING IN ACCOUNT.—Any remaining amount in a
3 small business start-up savings account fol-
4 lowing the date described in paragraph
5 (1)(B)(i) shall be treated as distributed during
6 the taxable year following such date and such
7 distribution shall not be treated as a qualified
8 distribution.

9 “(C) ADDITIONAL TAX.—

10 “(i) IN GENERAL.—The tax imposed
11 by this chapter on the account beneficiary
12 for any taxable year in which there is a
13 payment or distribution from a rural re-
14 newal community business start-up savings
15 account of such beneficiary which is includ-
16 ible in income under subparagraph (A)
17 shall be increased by 10 percent of the
18 amount which is so includible.

19 “(ii) EXCEPTION.—Clause (i) shall
20 not apply if the payment or distribution is
21 made after the account beneficiary be-
22 comes disabled within the meaning of sec-
23 tion 72(m)(7) or dies.

24 “(3) EXCESS CONTRIBUTIONS RETURNED BE-
25 FORE DUE DATE OF RETURN.—

1 “(A) IN GENERAL.—If any excess con-
2 tribution is contributed for a taxable year to
3 any rural renewal community business start-up
4 savings account of an individual, paragraph (2)
5 shall not apply to distributions from the rural
6 renewal community business start-up savings
7 accounts of such individual (to the extent such
8 distributions do not exceed the aggregate excess
9 contributions to all such accounts of such indi-
10 vidual for such year) if—

11 “(i) such distribution is received by
12 the individual on or before the last day
13 prescribed by law (including extensions of
14 time) for filing such individual’s return for
15 such taxable year, and

16 “(ii) such distribution is accompanied
17 by the amount of net income attributable
18 to such excess contribution.

19 “(B) EXCESS CONTRIBUTION.—For pur-
20 poses of subparagraph (A), the term ‘excess
21 contribution’ means any contribution (other
22 than a rollover contribution described in para-
23 graph (4)) which when added to all previous
24 contributions for the taxable year exceeds the

1 amount allowable as a contribution under sub-
2 section (b)(1).

3 “(4) ROLLOVER CONTRIBUTION.—Paragraph
4 (2) shall not apply to any amount paid or distrib-
5 uted from a rural renewal community business start-
6 up savings account to the account beneficiary to the
7 extent the amount received is paid into a rural re-
8 newal community business start-up savings account
9 for the benefit of such beneficiary not later than the
10 60th day after the day on which the beneficiary re-
11 ceives the payment or distribution. For purposes of
12 this paragraph, rules similar to the rules of section
13 408(d)(3)(D) shall apply.

14 “(5) TRANSFER OF ACCOUNT INCIDENT TO DI-
15 VORCE.—The transfer of an individual’s interest in
16 a rural renewal community business start-up savings
17 account to an individual’s spouse or former spouse
18 under a divorce or separation instrument described
19 in subparagraph (A) of section 71(b)(2) shall not be
20 considered a taxable transfer made by such indi-
21 vidual notwithstanding any other provision of this
22 subtitle, and such interest shall, after such transfer,
23 be treated as a rural renewal community business
24 start-up savings account with respect to which such
25 spouse is the account beneficiary.

1 “(6) TREATMENT AFTER DEATH OF ACCOUNT
2 BENEFICIARY.—

3 “(A) TREATMENT IF DESIGNATED BENE-
4 FICIARY IS SPOUSE.—If the account bene-
5 ficiary’s surviving spouse acquires such bene-
6 ficiary’s interest in a rural renewal community
7 business start-up savings account by reason of
8 being the designated beneficiary of such ac-
9 count at the death of the account beneficiary,
10 such account shall be treated as if the spouse
11 were the account beneficiary.

12 “(B) OTHER CASES.—

13 “(i) IN GENERAL.—If, by reason of
14 the death of the account beneficiary, any
15 person acquires the account beneficiary’s
16 interest in a rural renewal community
17 business start-up savings account in a case
18 to which subparagraph (A) does not
19 apply—

20 “(I) such account shall cease to
21 be a rural renewal community busi-
22 ness start-up savings account as of
23 the date of death, and

24 “(II) an amount equal to the fair
25 market value of the assets in such ac-

1 count on such date shall be includible,
2 if such person is not the estate of
3 such beneficiary, in such person's
4 gross income for the taxable year
5 which includes such date, or if such
6 person is the estate of such bene-
7 ficiary, in such beneficiary's gross in-
8 come for the last taxable year of such
9 beneficiary.

10 “(ii) SPECIAL RULES.—

11 “(I) REDUCTION OF INCLUSION
12 FOR PREDEATH EXPENSES.—The
13 amount includible in gross income
14 under clause (i) by any person (other
15 than the estate) shall be reduced by
16 the amount of qualified distributions
17 which were paid or incurred by the
18 decedent before the date of the dece-
19 dent's death and paid by such person
20 within 1 year after such date.

21 “(II) DEDUCTION FOR ESTATE
22 TAXES.—An appropriate deduction
23 shall be allowed under section 691(c)
24 to any person (other than the dece-
25 dent or the decedent's spouse) with

1 respect to amounts included in gross
2 income under clause (i) by such per-
3 son.

4 “(e) COMMUNITY PROPERTY LAWS.—This section
5 shall be applied without regard to any community property
6 laws.

7 “(f) REPORTS.—The trustee of a rural renewal com-
8 munity business start-up savings account shall make such
9 reports regarding such account to the Secretary and to
10 the individual for whom the account is, or is to be, main-
11 tained with respect to contributions (and the years to
12 which they relate) and distributions aggregating \$10 or
13 more in any calendar year, and such other matters as the
14 Secretary may require. The reports required by this sub-
15 section—

16 “(1) shall be filed at such time and in such
17 manner as the Secretary prescribes, and

18 “(2) shall be furnished to individuals—

19 “(A) not later than January 31 of the cal-
20 endar year following the calendar year to which
21 such reports relate, and

22 “(B) in such manner as the Secretary pre-
23 scribes.

24 “(g) REGULATIONS.—The Secretary shall issue such
25 regulations or other guidance as may be necessary to carry

1 out this section, including for purposes of subsection
2 (d)(1)(B)(i) the making reports by regarding eligible costs
3 of an entity in which the taxpayer directly holds stock or
4 a capital or profits interest.”.

5 (b) DEDUCTION ALLOWED WHETHER OR NOT INDI-
6 VIDUAL ITEMIZES DEDUCTIONS.—Section 62(a) of the In-
7 ternal Revenue Code of 1986 is amended by inserting
8 after paragraph (21) the following new paragraph:

9 “(22) RURAL RENEWAL COMMUNITY BUSINESS
10 START-UP SAVINGS ACCOUNTS.—The deduction al-
11 lowed by section 224.”.

12 (c) TAX ON PROHIBITED TRANSACTIONS.—

13 (1) IN GENERAL.—Paragraph (1) of section
14 4975(e) of the Internal Revenue Code of 1986 is
15 amended by striking “or” at the end of subpara-
16 graph (F), by redesignating subparagraph (G) as
17 subparagraph (H), and by inserting after subpara-
18 graph (F) the following new subparagraph:

19 “(G) a rural renewal community business
20 start-up savings account described in section
21 224, or”.

22 (2) SPECIAL RULE.—Subsection (c) of section
23 4975 of such Code is amended by adding at the end
24 of subsection (c) the following new paragraph:

1 “(7) SPECIAL RULE FOR RURAL RENEWAL COM-
2 MUNITY BUSINESS START-UP SAVINGS ACCOUNTS.—
3 An individual for whose benefit a rural renewal com-
4 munity business start-up savings account is estab-
5 lished and any contributor to such account shall be
6 exempt from the tax imposed by this section with re-
7 spect to any transaction concerning such account
8 (which would otherwise be taxable under this sec-
9 tion) if section 224(d)(2) applies with respect to
10 such transaction.”.

11 (d) FAILURE TO PROVIDE REPORTS ON RURAL RE-
12 NEWAL COMMUNITY BUSINESS START-UP SAVINGS AC-
13 COUNTS.—Paragraph (2) of section 6693(a) of the Inter-
14 nal Revenue Code of 1986 is amended by redesignating
15 subparagraphs (D), (E), and (F) as subparagraphs (E),
16 (F), and (G), respectively, and by inserting after subpara-
17 graph (C) the following new subparagraph:

18 “(D) section 224(f) (relating to rural re-
19 newal community business start-up savings ac-
20 counts),”.

21 (e) EXCESS CONTRIBUTIONS.—Section 4973 of the
22 Internal Revenue Code of 1986 is amended—

23 (1) in subsection (a), by striking “or” at the
24 end of paragraph (5), by inserting “or” at the end

1 of paragraph (6), and inserting after paragraph (6)
2 the following new paragraph:

3 “(7) a rural renewal community business start-
4 up savings account (within the meaning of section
5 224(c)),”, and

6 (2) by adding at the end the following new sub-
7 section:

8 “(i) EXCESS CONTRIBUTIONS TO RURAL RENEWAL
9 COMMUNITY BUSINESS START-UP SAVINGS ACCOUNTS.—
10 For purposes of this section, in the case of contributions
11 to a rural renewal community business start-up savings
12 account (within the meaning of section 224(b)), the term
13 ‘excess contributions’ means the sum of—

14 “(1) the excess (if any) of—

15 “(A) the amount contributed for the tax-
16 able year to such accounts (other than a roll-
17 over contribution described in section
18 224(d)(4)), over

19 “(B) the amount allowable as a contribu-
20 tion under section 224(b)(1), and

21 “(2) the amount determined under this sub-
22 section for the preceding taxable year, reduced by
23 the sum of—

24 “(A) the distributions out of the accounts
25 for the taxable year, and

1 “(B) the excess (if any) of the maximum
2 amount allowable as a contribution under sec-
3 tions 224(b)(1) for the taxable year over the
4 amount contributed to the accounts for the tax-
5 able year.

6 For purposes of this subsection, any contribution
7 which is distributed from a rural renewal community
8 business start-up savings account in a distribution
9 described in section 224(d)(3) shall be treated as an
10 amount not contributed.”.

11 (f) CLERICAL AMENDMENT.—The table of contents
12 for part VIII of subchapter B of chapter 1 of such Code
13 is amended by redesignating the item relating to section
14 224 as relating to section 225 and by inserting after the
15 item relating to section 223 the following new item:

 “Sec. 224. Rural renewal community business start-up savings accounts.”.

16 (g) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2016.

19 **TITLE II—SETTING RURAL**
20 **AMERICA FREE FROM OVER-**
21 **REGULATION**

22 **SEC. 201. SHORT TITLE.**

23 This title may be cited as the “Reducing Excessive
24 Government in Rural America Act of 2016”.

1 **SEC. 202. REDUCING EXCESSIVE GOVERNMENT IN RURAL**
2 **AMERICA.**

3 (a) DEFINITIONS.—In this section—

4 (1) the term “cost to rural America” with re-
5 spect to a rule, means all costs incurred by, and ex-
6 penditures required of, individuals and entities lo-
7 cated in a rural area in complying with the rule;

8 (2) the term “joint resolution” means a joint
9 resolution—

10 (A) reported by the Committee on the
11 Budget of the Senate or the House of Rep-
12 resentatives in accordance with subsection
13 (b)(3);

14 (B) which does not have a preamble;

15 (C) the title of which is as follows: “Joint
16 resolution relating to repeal of costly rules for
17 rural America.”;

18 (D) the matter after the resolving clause of
19 which is as follows: “That the following rules
20 shall have no force or effect:
21 _____.”, the blank space being filled
22 in with the list of major rules affecting rural
23 America recommended to be repealed under
24 subsection (b) by the committees of the House
25 in which the joint resolution is reported; and

1 (E) that will result in a reduction of the
2 cost to rural America of all rules of not less
3 than 10 percent during the 10-fiscal-year period
4 beginning with the next full fiscal year;

5 (3) the term “major rule affecting rural Amer-
6 ica” means a rule having or likely to result in an an-
7 nual cost to rural America of not less than
8 \$100,000,000;

9 (4) the term “rule” has the meaning given that
10 term in section 804 of title 5, United States Code;
11 and

12 (5) the term “rural area” means an area that—

13 (A) has a population of not less than 200
14 individuals and not more than 25,000 individ-
15 uals; and

16 (B) is not located with a metropolitan sta-
17 tistical area which has a population of more
18 than 200,000 individuals.

19 (b) ACTION BY COMMITTEES.—

20 (1) IN GENERAL.—Not later than 6 months
21 after the date of enactment of this Act, each com-
22 mittee of the Senate and the House of Representa-
23 tives shall submit to the Committee on the Budget
24 of its House a list of the rules that—

1 (A) are within the jurisdiction of the com-
2 mittee;

3 (B) the committee determines are major
4 rules affecting rural America; and

5 (C) the committee recommends should be
6 repealed.

7 (2) CONSIDERATIONS.—In determining whether
8 to recommend repealing major rules affecting rural
9 America within its jurisdiction, a committee of the
10 Senate or the House of Representatives shall con-
11 sider—

12 (A) whether the major rule affecting rural
13 America achieved, or has been ineffective in
14 achieving, the original purpose of the major
15 rule affecting rural America;

16 (B) any adverse effects that could mate-
17 rialize if the major rule affecting rural America
18 is repealed, in particular if those adverse effects
19 are the reason the major rule affecting rural
20 America was originally enacted;

21 (C) whether the costs of the major rule af-
22 fecting rural America outweigh any benefits of
23 the major rule affecting rural America to the
24 United States;

1 (D) whether the major rule affecting rural
2 America has become obsolete due to changes in
3 technology, economic conditions, market prac-
4 tices, or any other factors; and

5 (E) whether the major rule affecting rural
6 America overlaps with another rule.

7 (3) COMBINING OF RECOMMENDATIONS.—The
8 Committee on the Budget of the Senate and the
9 Committee on the Budget of the House of Rep-
10 resentatives, upon receiving recommendations from
11 all relevant committees under paragraph (1), shall
12 report to its House a joint resolution carrying out all
13 such recommendations without any substantive revi-
14 sion, if the committee determines the joint resolution
15 meets the requirement under subsection (a)(2)(E).

16 (c) EXPEDITED PROCEDURES.—

17 (1) CONSIDERATION IN HOUSE OF REPRESENT-
18 ATIVES.—

19 (A) PLACEMENT ON CALENDAR.—Upon a
20 joint resolution being reported by the Com-
21 mittee on the Budget of the House of Rep-
22 resentatives, or upon receipt of a joint resolu-
23 tion from the Senate, the joint resolution shall
24 be placed immediately on the calendar.

25 (B) PROCEEDING TO CONSIDERATION.—

1 (i) IN GENERAL.—It shall be in order,
2 not later than 60 days after the date on
3 which a joint resolution is reported by the
4 Committee on the Budget of the House of
5 Representatives, to move to proceed to con-
6 sider a joint resolution in the House of
7 Representatives.

8 (ii) PROCEDURE.—For a motion to
9 proceed to consider a joint resolution—

10 (I) all points of order against the
11 motion are waived;

12 (II) such a motion shall not be in
13 order after the House of Representa-
14 tives has disposed of a motion to pro-
15 ceed to the joint resolution;

16 (III) the previous question shall
17 be considered as ordered on the mo-
18 tion to its adoption without inter-
19 vening motion;

20 (IV) the motion shall not be de-
21 batable; and

22 (V) a motion to reconsider the
23 vote by which the motion is disposed
24 of shall not be in order.

1 (C) CONSIDERATION.—The House of Rep-
2 resentatives shall establish rules for consider-
3 ation of a joint resolution in the House of Rep-
4 resentatives.

5 (2) EXPEDITED CONSIDERATION IN SENATE.—

6 (A) PLACEMENT ON CALENDAR.—Upon a
7 joint resolution being reported by the Com-
8 mittee on the Budget of the Senate, or upon re-
9 ceipt of a joint resolution from the House of
10 Representatives, the joint resolution shall be
11 placed immediately on the calendar.

12 (B) PROCEEDING TO CONSIDERATION.—

13 (i) IN GENERAL.—Notwithstanding
14 rule XXII of the Standing Rules of the
15 Senate, it is in order, not later than 60
16 days after the date on which a joint resolu-
17 tion is reported by the Committee on the
18 Budget of the Senate (even though a pre-
19 vious motion to the same effect has been
20 disagreed to) to move to proceed to the
21 consideration of a joint resolution.

22 (ii) PROCEDURE.—For a motion to
23 proceed to the consideration of a joint res-
24 olution—

1 (I) all points of order against the
2 motion are waived;

3 (II) the motion is not debatable;

4 (III) the motion is not subject to
5 a motion to postpone;

6 (IV) a motion to reconsider the
7 vote by which the motion is agreed to
8 or disagreed to shall not be in order;
9 and

10 (V) if the motion is agreed to,
11 the joint resolution shall remain the
12 unfinished business until disposed of.

13 (C) FLOOR CONSIDERATION GEN-
14 ERALLY.—If the Senate proceeds to consider-
15 ation of a joint resolution—

16 (i) all points of order against the joint
17 resolution (and against consideration of
18 the joint resolution) are waived;

19 (ii) consideration of the joint resolu-
20 tion, and all amendments thereto and de-
21 batable motions and appeals in connection
22 therewith, shall be limited to not more
23 than 10 hours, which shall be divided
24 equally between the majority and minority
25 leaders or their designees;

1 (iii) a motion to postpone or a motion
2 to commit the joint resolution is not in
3 order; and

4 (iv) a motion to proceed to the consid-
5 eration of other business is not in order.

6 (D) REQUIREMENTS FOR AMENDMENTS.—

7 (i) IN GENERAL.—No amendment
8 that is not germane to the provisions of a
9 joint resolution shall be considered.

10 (ii) REPEAL OF MAJOR RULES AF-
11 FECTING RURAL AMERICA.—Notwith-
12 standing clause (i) or any other rule, an
13 amendment or series of amendments to a
14 joint resolution shall always be in order if
15 such amendment or series of amendments
16 proposes to repeal a major rule affecting
17 rural America that would result in a de-
18 crease in the total cost to rural America of
19 all rules during the 10-fiscal-year period
20 beginning with the next full fiscal year.

21 (E) VOTE ON PASSAGE.—The vote on pas-
22 sage shall occur immediately following the con-
23 clusion of the consideration of a joint resolu-
24 tion, and a single quorum call at the conclusion

1 of the debate if requested in accordance with
2 the rules of the Senate.

3 (F) RULINGS OF THE CHAIR ON PROCE-
4 DURE.—Appeals from the decisions of the Chair
5 relating to the application of this subsection or
6 the rules of the Senate, as the case may be, to
7 the procedure relating to a joint resolution shall
8 be decided without debate.

9 (3) CONSIDERATION AFTER PASSAGE.—If the
10 President vetoes the joint resolution, consideration
11 of a veto message in the Senate under this section
12 shall be not more than 2 hours equally divided be-
13 tween the majority and minority leaders or their des-
14 ignees.

15 (4) RULES OF HOUSE OF REPRESENTATIVES
16 AND SENATE.—This subsection is enacted by Con-
17 gress—

18 (A) as an exercise of the rulemaking power
19 of the Senate and House of Representatives, re-
20 spectively, and as such is deemed a part of the
21 rules of each House, respectively, but applicable
22 only with respect to the procedure to be fol-
23 lowed in that House in the case of a joint reso-
24 lution, and supersede other rules only to the ex-

1 tent that they are inconsistent with such rules;
2 and

3 (B) with full recognition of the constitu-
4 tional right of either House to change the rules
5 (so far as relating to the procedure of that
6 House) at any time, in the same manner, and
7 to the same extent as in the case of any other
8 rule of that House.

9 (d) EFFECT OF JOINT RESOLUTION.—

10 (1) IN GENERAL.—A major rule affecting rural
11 America shall cease to have force or effect if Con-
12 gress enacts a joint resolution repealing the major
13 rule affecting rural America.

14 (2) LIMITATION ON SUBSEQUENT RULE-
15 MAKING.—A rule that ceases to have force or effect
16 under paragraph (1) may not be reissued in substan-
17 tially the same form, and a new rule that is substan-
18 tially the same as such a rule may not be issued, un-
19 less the reissued or new rule is specifically author-
20 ized by a law enacted after the date of the joint res-
21 olution repealing the original rule.

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