AMENDMENT TO RULES COMMITTEE PRINT 116–54

OFFERED BY MR. NEGUSE OF COLORADO

Page 2298, after line 5, insert the following:

SEC. 90622. MODIFICATION OF PREVIOUS OWNERSHIP RULES; LIMITATION ON ACQUISITION BASIS.

(a) LIMITATION ON ACQUISITION BASIS.—

(1) IN GENERAL.—Section 42(d)(2)(B)(ii) of the Internal Revenue Code of 1986 is amended by inserting “, or the taxpayer elects the application of subparagraph (C)(ii)” after “service”.

(2) LIMITATION.—Section 42(d)(2)(C) of such Code is amended—

(A) by striking “for purposes of subparagraph (A), the adjusted basis” and inserting the following: “For purposes of subparagraph (A)—

“(i) IN GENERAL.—The adjusted basis”, and

(B) by adding at the end the following new clauses:

“(ii) BUILDINGS IN SERVICE WITHIN PREVIOUS 10 YEARS.—If the period be-
between the date of acquisition of the building by the taxpayer and the date the building was last placed in service is less than 10 years, the taxpayer’s basis attributable to the acquisition of the building which is taken into account in determining the adjusted basis shall not exceed the sum of—

“(I) the lowest amount paid for acquisition of the building by any person during the 10 years preceding the date of the acquisition of the building by the taxpayer, adjusted as provided in clause (iii), and

“(II) the value of any capital improvements made by the person who sells the building to the taxpayer which are reflected in such seller’s basis.

“(iii) ADJUSTMENT.—With respect to a basis determination made in any taxable year, the amount described in clause (ii)(I) shall be increased by an amount equal to—

“(I) such amount, multiplied by

“(II) a cost-of-living adjustment, determined in the same manner as
under section 1(f)(3) for the calendar year in which the taxable year begins by taking into account the acquisition year in lieu of calendar year 2016 in subparagraph (A)(ii) thereof.

For purposes of the preceding sentence, the acquisition year is the calendar year in which the lowest amount referenced in clause (ii)(I) was paid for the acquisition of the building.”.

(3) Conforming Amendments.—Section 42(d)(2)(D)(i) of such Code is amended—

(A) by striking “FOR SUBPARAGRAPH (B)” in the heading, and

(B) by striking “subparagraph (B)” in the matter preceding subclause (I) and inserting “subparagraph (B)(ii) or (C)(ii)”.

(b) Modification of Placed in Service Rule.—Section 42(d)(2)(B)(iii) of such Code is amended to read as follows:

“(iii) the building was not owned by the taxpayer or by any person related (as of the date of acquisition by the taxpayer) to the taxpayer at any time during the 5-
year period ending on the date of acquisition by the taxpayer, and’’.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to buildings placed in service after December 31, 2018.