AMENDMENT TO H.R. 5377, AS REPORTED OFFERED BY MR. RICE

Strike sections 2 and 3 and insert the following:

SEC. 2. ELIMINATION FOR 2019, 2020, AND 2021 OF LIMITATION ON DEDUCTION OF STATE AND LOCAL TAXES.

(a) IN GENERAL.—Section 164(b)(6)(B) of the Internal Revenue Code of 1986 is amended by inserting "in the case of a taxable year beginning before January 1, 2019, or after December 31, 2021," before "the aggregate amount of taxes".

(b) CONFORMING AMENDMENTS.—Section 164(b)(6) of the Internal Revenue Code of 1986 is amended—

(1) by striking "For purposes of subparagraph (B)" and inserting "For purposes of this section",

(2) by striking "January 1, 2018" and inserting "January 1, 2022",

(3) by striking "December 31, 2017, shall" and inserting "December 31, 2021, shall", and

(4) by adding at the end the following: "For purposes of this section, in the case of State or local taxes with respect to any real or personal property paid during a taxable year beginning in 2019, 2020,
or 2021, the Secretary shall prescribe rules which
treat all or a portion of such taxes as paid in a tax-
able year or years other than the taxable year in
which actually paid as necessary or appropriate to
prevent the avoidance of the limitations of this sub-
section.”.

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
December 31, 2018.

SEC. 3. DENIAL OF DEDUCTION OF CERTAIN STATE AND
LOCAL TAXES WITH RESPECT TO CERTAIN
TAXPAYERS.

(a) IN GENERAL.—Section 164(b) of the Internal
Revenue Code of 1986 is amended by adding at the end
the following new paragraph:

“(7) DENIAL OF DEDUCTION OF CERTAIN
STATE AND LOCAL TAXES WITH RESPECT TO CER-
TAIN TAXPAYERS.—

“(A) IN GENERAL.—In the case of any
taxpayer whose adjusted gross income for any
taxable year beginning in 2019, 2020, or 2021,
exceeds the applicable dollar amount (twice
such amount in the case of a joint return), with
respect to such taxpayer for such taxable year,
this section shall be applied without regard to
paragraphs (1), (2), (3) of subsection (a) and paragraphs (5) and (6) of this subsection. The preceding sentence shall not apply to any foreign taxes described in subsection (a)(3) or to any taxes described in paragraph (1) and (2) of subsection (a) which are paid or accrued in carrying on a trade or business or an activity described in section 212.

"(B) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph, the term ‘applicable dollar amount’ means, with respect to any taxable year beginning in a calendar year, the highest dollar amount which the Secretary determines would result in 10 percent of individual taxpayers having adjusted gross income in excess of such dollar amount for taxable years beginning in the second preceding calendar year. For purposes of the preceding sentence, a joint return shall be treated as two individual taxpayers each of which has half the adjusted gross income shown on the return.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2018.
Strike section 6.