

**AMENDMENT TO RULES COMMITTEE PRINT 116-**

**54**

**OFFERED BY MR. NEGUSE OF COLORADO**

Page 2298, after line 5, insert the following:

1 **SEC. 90622. MODIFICATION OF PREVIOUS OWNERSHIP**

2 **RULES; LIMITATION ON ACQUISITION BASIS.**

3 (a) **LIMITATION ON ACQUISITION BASIS.—**

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

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

10 (A) by striking “for purposes of subpara-  
11 graph (A), the adjusted basis” and inserting  
12 the following: “For purposes of subparagraph  
13 (A)—

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

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

18 “(ii) **BUILDINGS IN SERVICE WITHIN**  
19 **PREVIOUS 10 YEARS.—**If the period be-

1           tween the date of acquisition of the build-  
2           ing by the taxpayer and the date the build-  
3           ing was last placed in service is less than  
4           10 years, the taxpayer's basis attributable  
5           to the acquisition of the building which is  
6           taken into account in determining the ad-  
7           justed basis shall not exceed the sum of—

8                   “(I) the lowest amount paid for  
9                   acquisition of the building by any per-  
10                  son during the 10 years preceding the  
11                  date of the acquisition of the building  
12                  by the taxpayer, adjusted as provided  
13                  in clause (iii), and

14                   “(II) the value of any capital im-  
15                   provements made by the person who  
16                   sells the building to the taxpayer  
17                   which are reflected in such seller's  
18                   basis.

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

23                   “(I) such amount, multiplied by

24                   “(II) a cost-of-living adjustment,  
25                  determined in the same manner as

1 under section 1(f)(3) for the calendar  
2 year in which the taxable year begins  
3 by taking into account the acquisition  
4 year in lieu of calendar year 2016 in  
5 subparagraph (A)(ii) thereof.

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

11 (3) CONFORMING AMENDMENTS.—Section  
12 42(d)(2)(D)(i) of such Code is amended—

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

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

18 (b) MODIFICATION OF PLACED IN SERVICE RULE.—  
19 Section 42(d)(2)(B)(iii) of such Code is amended to read  
20 as follows:

21 “(iii) the building was not owned by  
22 the taxpayer or by any person related (as  
23 of the date of acquisition by the taxpayer)  
24 to the taxpayer at any time during the 5-

1                   year period ending on the date of acquisi-  
2                   tion by the taxpayer, and”.

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

