To amend the Internal Revenue Code of 1986 to limit the charitable deduction for certain qualified conservation contributions.

IN THE SENATE OF THE UNITED STATES

Mr. Daines (for himself, Mr. Grassley, and Mr. Roberts) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to limit the charitable deduction for certain qualified conservation contributions.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Charitable Conservation Easement Program Integrity Act of 2020”.
SEC. 2. LIMITATION ON DEDUCTION FOR QUALIFIED CONSERVATION CONTRIBUTIONS MADE BY PASS-THROUGH ENTITY.

(a) IN GENERAL.—Section 170(h) of the Internal Revenue Code of 1986 is amended by adding at the end of the section the following new paragraph:

“(7) LIMITATION ON DEDUCTION FOR QUALIFIED CONSERVATION CONTRIBUTIONS MADE BY PASS-THROUGH ENTITY.—

“(A) IN GENERAL.—In the case of any qualified conservation contribution of any partnership, no amount of such contribution may be taken into account under this section by any partner of such partnership as a distributive share of such contribution if the aggregate amount so taken into account by such partner for the taxable year would (but for this paragraph) exceed 2.5 times the portion of the adjusted basis of such partner’s interest in such partnership (determined immediately before such contribution and without regard to section 752) which is allocable (under rules similar to the rules of section 755) to the qualified real property interest with respect to which such contribution is made.
“(B) LIMITATION TO FIRST-TIER PARTNERSHIPS.—Except as may be otherwise provided by the Secretary, no distributive share of a qualified conservation contribution shall be taken into account under this section if the interest in the partnership making the contribution is held through 1 or more partnerships or pass-through entities.

“(C) EXCEPTION FOR CONTRIBUTIONS OUTSIDE 3-YEAR HOLDING PERIOD.—Subparagraphs (A) and (B) shall not apply to a partner’s distributive share of a qualified conservation contribution if such contribution is made—

“(i) at least 3 years after the date the partnership acquired the entirety of the qualified real property interest with respect to which such contribution is made, and

“(ii) at least 3 years after the date the partner acquired the partner’s entire interest in the partnership with respect to which such distributive share is determined (including, for purposes of subparagraph (B), any such interest held through 1 or more partnerships or pass-through entities).
“(D) Exception for Family Partnerships.—This paragraph shall not apply with respect to any partnership if substantially all of the partnership interests in such partnership are held by individuals who are related within the meaning of section 152(d)(2).

“(E) Application to Other Pass-through Entities.—Except as may be otherwise provided by the Secretary, rules similar to the rules of this paragraph shall apply with respect to qualified conservation contributions of S corporations and other pass-through entities.

“(F) Regulations.—The Secretary shall prescribe such regulations or other guidance as may be necessary to carry out, and prevent the avoidance of, the purposes of this paragraph.”.

(b) Effective Date.—

(1) In general.—Except as otherwise provided in paragraph (2), this section shall apply to contributions made in taxable years ending after December 23, 2016. No inference is intended as to the appropriate treatment of contributions made in taxable years ending on or before such date or as to any activity not described in section 170(h)(7) of the
Internal Revenue Code of 1986, as added by this section.

(2) LIMITATION TO FIRST-TIER PARTNERSHIPS.—Subparagraph (B) of section 170(h)(7) of the Internal Revenue Code of 1986, as added by this section, shall apply to contributions made after the date of the enactment of this Act.