

104TH CONGRESS  
1ST SESSION

# H. R. 523

To amend the Internal Revenue Code of 1986 with respect to the treatment of certain bargain sales.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 13, 1995

Mr. ZIMMER (for himself, Mr. SAXTON, Mr. GREENWOOD, Mr. PALLONE, Mr. BEILENSON, Mr. ACKERMAN, Mr. BALDACCI, and Mr. EHLERS) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 with respect to the treatment of certain bargain sales.

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.**

4 This Act may be cited as the “Land Preservation Tax  
5 Fairness Act of 1995”.

6 **SECTION 2. TREATMENT OF CERTAIN BARGAIN SALES.**

7 (a) BASIS ALLOCATION RULES.—Subsection (b) of  
8 section 1011 of the Internal Revenue Code of 1986 (relat-

1 ing to bargain sale to charitable organization) is amended  
2 to read as follows:

3 “(b) BARGAIN SALE TO CHARITABLE ORGANIZA-  
4 TION.—

5 “(1) IN GENERAL.—If a deduction is allowable  
6 under section 170 (relating to charitable contribu-  
7 tions) by reason of a sale, then the adjusted basis  
8 for determining gain from such a sale shall be that  
9 portion of the adjusted basis which bears the same  
10 ratio to the adjusted basis as the amount realized  
11 bears to the fair market value of the property.

12 “(2) SPECIAL RULE FOR CERTAIN SALES OF  
13 REAL PROPERTY.—If—

14 “(A) a deduction is allowable under section  
15 170 by reason of any sale, and

16 “(B) such sale is a sale of real property (or  
17 an interest therein) to a qualified organization  
18 (as defined in section 170(h)),

19 paragraph (1) shall not apply and the entire ad-  
20 justed basis of the property (or interest therein)  
21 shall be taken into account in determining the  
22 amount of gain from such sale. If the sale involves  
23 an interest which is a restriction described in section  
24 170(h)(2)(C), the entire adjusted basis of the prop-  
25 erty to which the such restriction applies shall be

1 taken into account under the preceding sentences as  
2 the adjusted basis of the interest.”

3 (b) DETERMINATION OF FAIR MARKET VALUE.—  
4 Section 170 of such code is amended by redesignating sub-  
5 section (m) as subsection (n) and by inserting after sub-  
6 section (1) the following new subsection:

7 “(m) DETERMINATION OF VALUE OF CERTAIN RE-  
8 STRICTIONS.—If any restriction described in subsection  
9 (h)(2)(C) is sold to a qualified organization (as defined  
10 in subsection (h)), for purposes of determining the amount  
11 (if any) of the deduction allowable under this section with  
12 respect to such sale, the fair market value of such restric-  
13 tion shall be determined without regard to the amount  
14 paid therefor even if such amount is determined in a com-  
15 petitive fashion.”

16 (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to sale after the date of the enact-  
18 ment of this Act.

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