

117TH CONGRESS
1ST SESSION

H. R. 4367

To amend the Internal Revenue Code of 1986 to provide a partial exclusion from gain for interests in a socially disadvantaged business, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 6, 2021

Mr. MFUME (for himself, Mr. CLEAVER, Mr. EVANS, Mr. THOMPSON of Mississippi, Mr. DANNY K. DAVIS of Illinois, and Mr. CLYBURN) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a partial exclusion from gain for interests in a socially disadvantaged business, and for other purposes.

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 “Better Opportunity
5 and Outcomes for Socially Disadvantaged Talent Act of
6 2021” or the “BOOST Act of 2021”.

1 **SEC. 2. PARTIAL EXCLUSION FROM GAIN FOR INTERESTS**
2 **IN SOCIALLY DISADVANTAGED BUSINESSES.**

3 (a) IN GENERAL.—Section 1201 of the Internal Rev-
4 enue Code of 1986 is amended to read as follows:

5 **“SEC. 1201 PARTIAL EXCLUSION FROM GAIN FOR INTER-**
6 **ESTS IN SOCIALLY DISADVANTAGED BUSI-**
7 **NESSES.**

8 “(a) EXCLUSION.—Gross income shall not include 50
9 percent of any gain from the sale or exchange of a certified
10 equity interest held for more than 3 years if the taxpayer
11 affirms that during the term of such investment—

12 “(1) in the case of a corporation, not less $33\frac{1}{3}$
13 percent of the total combined voting power of all
14 classes of stock or not less than $33\frac{1}{3}$ percent of the
15 total value of shares of all classes of stock were
16 owned, directly or through the application of section
17 318, by one or more socially disadvantaged individ-
18 uals who were citizens of the United States, or

19 “(2) in the case of a partnership, at least $33\frac{1}{3}$
20 percent of the capital interest or profit interests in
21 such partnership were owned, directly or through the
22 application of section 318, by one or more socially
23 disadvantaged individuals who are citizens of the
24 United States.

25 “(b) APPLICATION.—

1 “(1) IN GENERAL.—A socially disadvantaged
2 business may submit a joint application with an in-
3 vestor for an equity interest in such business held by
4 such investor to be certified as a certified equity in-
5 terest in such manner as the Secretary determines
6 appropriate.

7 “(2) CERTIFICATION.—The Secretary shall re-
8 view applications received under paragraph (1) in
9 the order in which such applications are received
10 and make a determination regarding certification
11 with respect to an application not later than 45 days
12 after the date of receipt of such application.

13 “(c) NOTIFICATION OF ISSUANCE OF CERTIFIED EQ-
14 UITY INTEREST.—Not later than 30 days after issuing a
15 certified equity interest, the issuer shall notify the Sec-
16 retary of such issuance.

17 “(d) LIMIT ON CERTIFIED EQUITY INTERESTS
18 ISSUED.—The Secretary may not, in aggregate, certify
19 more than \$30,000,000,000 in total equity interests under
20 subsection (b)(2).

21 “(e) REGULATIONS.—The Secretary shall issue such
22 regulations or other guidance as may be necessary or ap-
23 propriate to carry out the purposes of this section.

24 “(f) DEFINITIONS.—

1 “(1) CERTIFIED EQUITY INTEREST.—The term
2 ‘certified equity interest’ means an equity interest
3 certified under subsection (b)(2) which is originally
4 issued—

5 “(A) after the date of enactment of the
6 Better Opportunity and Outcomes for Socially
7 Disadvantaged Talent Act of 2021,

8 “(B) not later than 60 days after the
9 issuance of a certification under subsection
10 (b)(2), except that in no case may any period
11 in which the issuance of such equity interest is
12 reviewed for purposes of regulatory approval be
13 used to calculate such 60-day period, and

14 “(C) to the taxpayer—

15 “(i) in exchange for money or other
16 property, or

17 “(ii) as compensation for services pro-
18 vided to such socially disadvantaged busi-
19 ness (other than service performed as an
20 underwriter of such interest).

21 “(2) SOCIALLY DISADVANTAGED BUSINESS.—
22 The term ‘socially disadvantaged business’ means a
23 domestic corporation or partnership that meets the
24 following requirements:

1 “(A) In the case of a corporation, not less
2 33 $\frac{1}{3}$ percent of the total combined voting
3 power of all classes of stock or not less than
4 33 $\frac{1}{3}$ percent of the total value of shares of all
5 classes of stock are owned, directly or through
6 the application of section 318, by one or more
7 socially disadvantaged individuals who are citi-
8 zens of the United States.

9 “(B) In the case of a partnership, at least
10 33 $\frac{1}{3}$ percent of the capital interest or profit in-
11 terests in such partnership are owned, directly
12 or through the application of section 318, by
13 one or more socially disadvantaged individuals
14 who are citizens of the United States.

15 “(C) Not less than 80 percent by value of
16 the assets of such business are used by such
17 business to conduct a trade or business.

18 “(3) SOCIALLY DISADVANTAGED INDIVIDUAL.—

19 “(A) IN GENERAL.—The term ‘socially dis-
20 advantaged individual’ has the meaning given
21 such term in section 124.103 of title 13, Code
22 of Federal Regulations, as in effect on the date
23 of the enactment of this section.

24 “(B) PROHIBITION.—The Secretary may
25 not implement a restriction on the personal

1 wealth, income, or total assets of an individual
2 for purposes of determining whether such indi-
3 vidual is a socially disadvantaged individual for
4 the purposes of this section.”.

5 (b) IMPLEMENTING REGULATIONS.—The Secretary
6 of the Treasury shall, not later than 60 days after the
7 date of the enactment of this section, issue regulations im-
8 plementing the amendments made by this Act.

9 (c) CONFORMING AMENDMENT.—The item relating
10 to section 1201 in the table of sections for part I of sub-
11 chapter P of chapter 1 of subtitle A of such Code is
12 amended to read as follows:

“1201. Partial exclusion from gain for interests in socially disadvantaged busi-
nesses.”.

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to sales on and after the date of
15 the enactment of this section, in taxable years ending on
16 and after such date.

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