

115TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to increase the limitations for deductible new business expenditures and to consolidate provisions for start-up and organizational expenditures.

IN THE SENATE OF THE UNITED STATES

Ms. BALDWIN 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 increase the limitations for deductible new business expenditures and to consolidate provisions for start-up and organizational expenditures.

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 “Support Our Start-
5 Ups Act”.

6 **SEC. 2. NEW BUSINESS EXPENDITURES.**

7 (a) IN GENERAL.—Subsections (a) and (b) of section
8 195 of the Internal Revenue Code of 1986 are both

1 amended by inserting “and organizational” after “start-
2 up” each place it appears.

3 (b) ORGANIZATIONAL EXPENDITURES.—Subsection
4 (c) of section 195 of such Code is amended by adding at
5 the end the following new paragraph:

6 “(3) ORGANIZATIONAL EXPENDITURES.—The
7 term ‘organizational expenditures’ means any ex-
8 penditure which—

9 “(A) is incident to the creation of a cor-
10 poration or a partnership,

11 “(B) is chargeable to capital account, and

12 “(C) is of a character which, if expended
13 incident to the creation of a corporation or a
14 partnership having a limited life, would be am-
15 ortizable over such life.”.

16 (c) DOLLAR AMOUNTS.—Clause (ii) of section
17 195(b)(1)(A) of such Code is amended—

18 (1) by striking “\$5,000” and inserting
19 “\$20,000”, and

20 (2) by striking “\$50,000” and inserting
21 “\$120,000”.

22 (d) AMORTIZATION TREATMENT.—Subparagraph (B)
23 of section 195(b)(1) of such Code, as amended by sub-
24 section (a), is amended to read as follows:

1 “(B) the remainder of such start-up and
2 organizational expenditures shall be charged to
3 capital account and allowed as an amortization
4 deduction determined by amortizing such ex-
5 penditures ratably over the 15-year period be-
6 ginning with the midpoint of the taxable year in
7 which the active trade or business begins.”.

8 (e) CONFORMING AMENDMENTS.—

9 (1) Section 195(b)(1) of such Code is amend-
10 ed—

11 (A) by inserting “(or, in the case of a part-
12 nership, the partnership elects)” after “If a tax-
13 payer elects”, and

14 (B) by inserting “(or the partnership, as
15 the case may be)” after “the taxpayer” in sub-
16 paragraph (A).

17 (2) Section 195(b)(2) of such Code is amend-
18 ed—

19 (A) by striking “AMORTIZATION PERIOD.—
20 In any case” and inserting the following: “AM-
21 ORTIZATION PERIOD.—

22 “(A) IN GENERAL.—In any case”, and

23 (B) by adding at the end the following new
24 subparagraph:

1 “(B) SPECIAL PARTNERSHIP RULE.—In
2 the case of a partnership, subparagraph (A)
3 shall be applied at the partnership level.”.

4 (3) Section 195(b) of such Code is amended by
5 striking paragraph (3).

6 (4)(A) Part VIII of subchapter B of chapter 1
7 of such Code is amended by striking section 248
8 (and by striking the item relating to such section in
9 the table of sections for such part).

10 (B) Section 56(g)(4)(D)(ii) of such Code is
11 amended by striking “Sections 173 and 248” and
12 inserting “Section 173”.

13 (C) Section 170(b)(2)(C)(ii) of such Code is
14 amended by striking “(except section 248)”.

15 (D) Section 312(n)(3) of such Code is amended
16 by striking “Sections 173 and 248” and inserting
17 “Section 173”.

18 (E) Section 535(b)(3) of such Code is amended
19 by striking “(except section 248)”.

20 (F) Section 545(b)(3) of such Code is amended
21 by striking “(except section 248)”.

22 (G) Section 834(c)(7) of such Code is amended
23 by striking “(except section 248)”.

24 (H) Section 852(b)(2)(C) of such Code is
25 amended by striking “(except section 248)”.

1 (I) Section 857(b)(2)(A) of such Code is
2 amended by striking “(except section 248)”.

3 (J) Section 1363(b) of such Code is amended
4 by inserting “and” at the end of paragraph (2), by
5 striking paragraph (3), and by redesignating para-
6 graph (4) as paragraph (3).

7 (K) Section 1375(b)(1)(B)(i) of such Code is
8 amended by striking “(other than the deduction al-
9 lowed by section 248, relating to organization ex-
10 penditures)”.

11 (5) Part I of subchapter K of chapter 1 of such
12 Code is amended by striking section 709 (and by
13 striking the item relating to such section in the table
14 of sections for such part).

15 (6) The heading of section 195 of such Code
16 (and the item relating to such section in the table
17 of sections for part VI of subchapter B of chapter
18 1 of such Code) are each amended by inserting “and
19 organizational” after “Start-up”.

20 (f) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to expenses paid or incurred in
22 taxable years beginning after December 31, 2017.