

(1) by adding to adjusted gross income any items of tax preference excluded from, or deducted in arriving at, adjusted gross income,

(2) by subtracting any investment expenses incurred in the production of such income to the extent of the investment income, and

(3) by making both of the adjustments referred to in paragraphs (1) and (2).

In any event these data are to include the number of such individuals with total income over \$200,000 who owe no Federal income tax (after credits) and the deductions, exclusions or credits used by them to avoid tax.

SEC. 2124. TAX INCENTIVES TO ENCOURAGE THE PRESERVATION OF HISTORIC STRUCTURES.

(a) AMORTIZATION OF REHABILITATION EXPENDITURES.—

(1) **ALLOWANCE OF DEDUCTION.**—Part VI of subchapter B of chapter 1 (relating to itemized deductions) is amended by adding at the end thereof the following new section:

26 USC 191.

“SEC. 191. AMORTIZATION OF CERTAIN REHABILITATION EXPENDITURES FOR CERTIFIED HISTORIC STRUCTURES.

“(a) **ALLOWANCE OF DEDUCTION.**—Every person, at his election, shall be entitled to a deduction with respect to the amortization of the amortizable basis of any certified historic structure (as defined in subsection (d)) based on a period of 60 months. Such amortization deduction shall be an amount, with respect to each month of such period within the taxable year, equal to the amortizable basis at the end of such month divided by the number of months (including the month for which the deduction is computed) remaining in the period. Such amortizable basis at the end of the month shall be computed without regard to the amortization deduction for such month. The amortization deduction provided by this section with respect to any month shall be in lieu of the depreciation deduction with respect to such basis for such month provided by section 167. The 60-month period shall begin, as to any historic structure, at the election of the taxpayer, with the month following the month in which the basis is acquired, or with the succeeding taxable year.

“(b) **ELECTION OF AMORTIZATION.**—The election of the taxpayer to take the amortization deduction and to begin the 60-month period with the month following the month in which the basis is acquired, or with the taxable year succeeding the taxable year in which such basis is acquired, shall be made by filing with the Secretary, in such manner, in such form, and within such time as the Secretary may by regulations prescribe, a statement of such election.

“(c) **TERMINATION OF AMORTIZATION DEDUCTION.**—A taxpayer who has elected under subsection (b) to take the amortization deduction provided in subsection (a) may, at any time after making such election, discontinue the amortization deduction with respect to the remainder of the amortization period, such discontinuance to begin as of the beginning of any month specified by the taxpayer in a notice in writing filed with the Secretary before the beginning of such month. The depreciation deduction provided under section 167 shall be allowed, beginning with the first month as to which the amortization deduction does not apply, and the taxpayer shall not be entitled to any further amortization deduction under this section with respect to such certified historic structure.

“(d) DEFINITIONS.—For purposes of this section—

“(1) CERTIFIED HISTORIC STRUCTURE.—The term ‘certified historic structure’ means a building or structure which is of a character subject to the allowance for depreciation provided in section 167 which—

“(A) is listed in the National Register,

“(B) is located in a Registered Historic District and is certified by the Secretary of the Interior as being of historic significance to the district, or

“(C) is located in an historic district designated under a statute of the appropriate State or local government if such statute is certified by the Secretary of the Interior to the Secretary as containing criteria which will substantially achieve the purpose of preserving and rehabilitating buildings of historic significance to the district.

“(2) AMORTIZABLE BASIS.—The term ‘amortizable basis’ means the portion of the basis attributable to amounts expended in connection with certified rehabilitation.

“(3) CERTIFIED REHABILITATION.—The term ‘certified rehabilitation’ means any rehabilitation of a certified historic structure which the Secretary of the Interior has certified to the Secretary as being consistent with the historic character of such property or the district in which such property is located.

“(e) DEPRECIATION DEDUCTION.—The depreciation deduction provided by section 167 shall, despite the provisions of subsection (a), be allowed with respect to the portion of the adjusted basis which is not the amortizable basis.

“(f) LIFE TENANT AND REMAINDERMAN.—In the case of property held by one person for life with remainder to another person, the deduction under this section shall be computed as if the life tenant were the absolute owner of the property and shall be allowable to the life tenant.

“(g) CROSS REFERENCES.—

“(1) For rules relating to the listing of buildings and structures in the National Register and for definitions of ‘National Register’ and ‘Registered Historic District’, see section 470 et seq. of title 16 of the United States Code.

“(2) For special rule with respect to certain gain derived from the disposition of property the adjusted basis of which is determined with regard to this section, see section 1245.”

(2) GAIN ON DISPOSITION.—Section 1245(a) (relating to gain from dispositions of certain depreciable property) is amended by striking out “or 190” each place it appears and inserting in lieu thereof “190, or 191”. 26 USC 1245.

(3) CONFORMING AMENDMENTS.—

(A) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting at the end thereof the following new item:

“Sec. 191. Amortization of certain rehabilitation expenditures for certified historic structures.”

(B) Section 642(f) (relating to amortization deductions of estates and trust) is amended by striking out “and 188” and inserting in lieu thereof “188, and 191”. 26 USC 642.

(C) Section 1082(a)(2)(B) (relating to basis for determining gain or loss) is amended by striking out “or 188” and inserting in lieu thereof “188, or 191”. 26 USC 1082.

P.L. 94-455
Sec. 2124

26 USC 1250.

Ante, pp. 1914,
1916.

26 USC 191
note.

26 USC 280B.

26 USC 280B
note.

26 USC 167.

26 USC 167
note.

LAWS OF 94th CONG.—2nd SESS.

Oct. 4

(D) Section 1250(b)(3) (relating to depreciation adjustments) is amended by striking out "or 190" and inserting in lieu thereof "190 or 191".

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to additions to capital account made after June 14, 1976 and before June 15, 1981.

(b) DEMOLITION.—

(1) DISALLOWANCE OF DEDUCTIONS.—Part IX of subchapter B of chapter 1 (relating to items not deductible) is amended by adding at the end thereof the following new section:

"SEC. 280B. DEMOLITION OF CERTAIN HISTORIC STRUCTURES.

"(a) GENERAL RULE.—In the case of the demolition of a certified historic structure (as defined in section 191(d)(1))—

"(1) no deduction otherwise allowable under this chapter shall be allowed to the owner or lessee of such structure for—

"(A) any amount expended for such demolition, or

"(B) any loss sustained on account of such demolition; and

"(2) amounts described in paragraph (1) shall be treated as properly chargeable to capital account with respect to the land on which the demolished structure was located.

"(b) SPECIAL RULE FOR REGISTERED HISTORIC DISTRICTS.—For purposes of this section, any building or other structure located in a Registered Historic District shall be treated as a certified historic structure unless the Secretary of the Interior has certified, prior to the demolition of such structure, that such structure is not of historic significance to the district."

(2) CLERICAL AMENDMENT.—The table of sections for part IX of subchapter B of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 280B. Demolition of certain historic structures."

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to demolitions commencing after June 30, 1976, and before January 1, 1981.

(c) DEPRECIATION OF IMPROVEMENTS.—

(1) METHOD OF DEPRECIATION.—Section 167 (relating to depreciation) is amended by redesignating subsection (n) as (p), and by inserting after subsection (m) the following new subsection:

"(n) STRAIGHT LINE METHOD IN CERTAIN CASES.—

"(1) IN GENERAL.—In the case of any property in whole or in part constructed, reconstructed, erected, or used on a site which was, on or after June 30, 1976, occupied by a certified historic structure (as defined in section 191(d)(1)) which is demolished or substantially altered (other than by virtue of a certified rehabilitation as defined in section 191(d)(3)) after such date—

"(A) subsections (b), (j), (k), and (l) shall not apply,

"(B) the term 'reasonable allowance' as used in subsection (a) shall mean only an allowance computed under the straight line method.

"(2) EXCEPTION.—The limitations imposed by this subsection shall not apply to personal property."

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to that portion of the basis which is attributable to construction, reconstruction, or erection after December 31, 1975, and before January 1, 1981.

(d) SUBSTANTIALLY REHABILITATED PROPERTY.—

(1) Section 167 (relating to depreciation) is amended by insert-

ing after subsection (n) (as added by subsection (c) of this section) the following new subsection:

“(o) SUBSTANTIALLY REHABILITATED HISTORIC PROPERTY.—

“(1) GENERAL RULE.—Pursuant to regulations prescribed by the Secretary, the taxpayer may elect to compute the depreciation deduction attributable to substantially rehabilitated historic property as though the original use of such property commenced with him. The election shall be effective with respect to the taxable year referred to in paragraph (2) and all succeeding taxable years.

“(2) SUBSTANTIALLY REHABILITATED PROPERTY.—For purposes of paragraph (1), the term ‘substantially rehabilitated historic property’ means any certified historic structure (as defined in section 191(d)(1)) with respect to which the additions to capital account for any certified rehabilitation (as defined in section 191(d)(3)) during the 24-month period ending on the last day of any taxable year, reduced by any amounts allowed or allowable as depreciation or amortization with respect thereto, exceeds the greater of—

- “(A) the adjusted basis of such property, or
- “(B) \$5,000.

The adjusted basis of the property shall be determined as of the beginning of the first day of such 24-month period, or of the holding period of the property (within the meaning of section 1250(e)), whichever is later.”

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply with respect to additions to capital account occurring after June 30, 1976, and before July 1, 1981.

(e) TRANSFERS OF PARTIAL INTERESTS IN PROPERTY FOR CONSERVATION PURPOSES.—

(1) INCOME TAX DEDUCTIONS FOR CHARITABLE CONTRIBUTIONS OF PARTIAL INTERESTS IN PROPERTY FOR CONSERVATION PURPOSES.—Section 170(f)(3) (relating to charitable contributions) is amended—

(A) by striking out “or” at the end of subparagraph (B)(i),

(B) by striking out “property.”, at the end of subparagraph (B)(ii) and inserting in lieu thereof “property.”,

(C) by adding after clause (ii) of subparagraph (B) the following new clauses:

“(iii) a lease on, option to purchase, or easement with respect to real property of not less than 30 years’ duration granted to an organization described in subsection

(b)(1)(A) exclusively for conservation purposes, or

“(iv) a remainder interest in real property which is granted to an organization described in subsection (b)

(1)(A) exclusively for conservation purposes.”, and

(D) by adding at the end thereof the following new subparagraph:

“(C) CONSERVATION PURPOSES DEFINED.—For purposes of subparagraph (B), the term ‘conservation purposes’ means—

“(i) the preservation of land areas for public outdoor recreation or education, or scenic enjoyment;

“(ii) the preservation of historically important land areas or structures; or

“(iii) the protection of natural environmental systems.”.

(2) ESTATE TAX DEDUCTION FOR TRANSFER OF PARTIAL INTERESTS IN PROPERTY FOR CONSERVATIONS PURPOSES.—Section 2055(e)(2)

Ante, p. 1916.

26 USC 167
note.

26 USC 170.

26 USC 2055.

Ante, p. 1919.

(relating to deductions from gross estate) is amended by striking out "(other than a remainder interest in a personal residence or farm or an undivided portion of the decedent's entire interest in property)" and inserting in lieu thereof "(other than an interest described in section 170(f)(3)(B))".

26 USC 2522.

(3) GIFT TAX DEDUCTION FOR TRANSFERS OF PARTIAL INTERESTS IN PROPERTY FOR CONSERVATION PURPOSES.—Section 2522(c)(2) (relating to deductions from taxable gifts) is amended by striking out "(other than a remainder interest in a personal residence or farm or an undivided portion of the donor's entire interest in property)" and inserting in lieu thereof "(other than an interest described in section 170(f)(3)(B))".

26 USC 170
note.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to contributions or transfers made after June 13, 1976, and before June 14, 1977.

SEC. 2125. AMENDMENT TO SUPPLEMENTAL SECURITY INCOME PROGRAM.

Ante, p. 782.

Section 1612(a)(2)(A)(iii) of the Social Security Act is amended by striking out "fifth month" and inserting in lieu thereof "seventeenth month".

42 USC 1382a.

SEC. 2126. EXTENSION OF CARRY-OVER PERIOD FOR CUBAN EXPROPRIATION LOSSES

26 USC 172.

Subparagraph (D) of section 172(b)(1) (relating to years to which loss may be carried) is amended by striking out "15" and inserting in lieu thereof "20".

26 USC 1033.

SEC. 2127. OUTDOOR ADVERTISING DISPLAYS.

(a) IN GENERAL.—Section 1033(g) (relating to condemnation of real property held for productive use in trade or business or for investment) is amended by adding at the end thereof the following new paragraph:

"(3) ELECTION TO TREAT OUTDOOR ADVERTISING DISPLAYS AS REAL PROPERTY.—

"(A) IN GENERAL.—A taxpayer may elect, at such time and in such manner as the Secretary may prescribe, to treat property which constitutes an outdoor advertising display as real property for purposes of this chapter. The election provided by this subparagraph may not be made with respect to any property with respect to which the credit allowed by section 38 (relating to investment in certain depreciable property) is or has been claimed or with respect to which an election under section 179(a) (relating to additional first-year depreciation allowance for small business) is in effect.

"(B) ELECTION.—An election made under subparagraph (A) may not be revoked without the consent of the Secretary.

"(C) OUTDOOR ADVERTISING DISPLAY.—For purposes of this paragraph, the term 'outdoor advertising display' means a rigidly assembled sign, display, or device permanently affixed to the ground or permanently attached to a building or other inherently permanent structure constituting, or used for the display of, a commercial or other advertisement to the public.

"(D) CHARACTER OF REPLACEMENT PROPERTY.—For purposes of this subsection, an interest in real property purchased as replacement property for a compulsorily or involuntarily converted outdoor advertising display defined in subparagraph (C) (and treated by the taxpayer as real property) shall be