

**AMENDMENT TO DISCUSSION DRAFT
OFFERED BY MR. RUSH OF ILLINOIS**

Page 39, after line 11, insert the following:

1 **SEC. 108. CHANGES TO EFFECTUATE COMMISSION POLICY.**

2 (a) IN GENERAL.—Subchapter O of chapter 1 of the
3 Internal Revenue Code of 1986 is amended by inserting
4 after part IV the following:

5 **“PART V—CHANGES TO EFFECTUATE FCC
6 POLICY**

“Sec. 1071. Gain from sale or exchange to effectuate policies of F.C.C.

7 **“SEC. 1071. GAIN FROM SALE OR EXCHANGE TO EFFEC-
8 TUATE POLICIES OF F.C.C.**

9 “(a) NONRECOGNITION OF GAIN OR LOSS.—If a
10 transaction for the relinquishment of some or all of a
11 broadcast television licensee’s spectrum usage rights under
12 section 104 of the Jumpstarting Opportunity with
13 Broadband Spectrum Act of 2011 is certified by the Fed-
14 eral Communications Commission to be necessary or ap-
15 propriate to carry out such section 104, such transaction
16 shall, if the taxpayer so elects, be treated as an involun-
17 tary conversion of property within the meaning of section
18 1033 only if the taxpayer acquires a non-controlling inter-
19 est in a small and disadvantaged business, as determined

1 by the Secretary. For purposes of such section as made
2 applicable by the provisions of this section, stock of a cor-
3 poration operating a television broadcasting station,
4 whether or not representing control of such corporation,
5 shall be treated as property similar or related in service
6 or use to the property so converted. The part of the gain,
7 if any, on such transaction to which section 1033 is not
8 applied shall nevertheless not be recognized, if the tax-
9 payer so elects, to the extent that it is applied to reduce
10 the basis for determining gain or loss on sale or exchange
11 of property, of a character subject to the allowance for
12 depreciation under section 167, remaining in the hands
13 of the taxpayer immediately after the sale or exchange,
14 or acquired in the same taxable year. The manner and
15 amount of such reduction shall be determined under regu-
16 lations prescribed by the Secretary. Any election made by
17 the taxpayer under this section shall be made by a state-
18 ment to that effect in his return for the taxable year in
19 which the transaction takes place, and such election shall
20 be binding for the taxable year and all subsequent taxable
21 years.

22 “(b) BASIS.—For basis of property acquired on a sale
23 or exchange treated as an involuntary conversion under
24 subsection (a), see section 1033(b).”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Section 1245(b) of such Code is amended
2 by adding at the end the following:

3 “(9) SECTION 1071 TRANSACTIONS.—Under reg-
4 ulations prescribed by the Secretary, rules consistent
5 with paragraphs (3) and (4) of this subsection shall
6 apply in the case of transactions described in section
7 1071.”.

8 (2) Section 1250(d) of such Code is amended
9 by adding at the end the following:

10 “(8) SECTION 1071 TRANSACTIONS.—Under reg-
11 ulations prescribed by the Secretary, rules consistent
12 with paragraphs (3) and (4) of this subsection and
13 with subsections (e) and (f) shall apply in the case
14 of transactions described in section 1071.”.

15 (c) CLERICAL AMENDMENT.—The table of parts for
16 such subchapter O of such Code is amended by inserting
17 after the item relating to part IV the following new item:

 “PART V. CHANGES TO EFFECTUATE FCC POLICY.”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to transactions under section 104
20 that occur after the date of the enactment of this Act.

