To amend the Internal Revenue Code of 1986 to provide that a deduction equal to fair market value shall be allowed for charitable contributions of literary, musical, artistic, or scholarly compositions created by the donor.

IN THE HOUSE OF REPRESENTATIVES
MARCH 3, 2005
Mr. RAMSTAD (for himself and Mr. CARDIN) 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 that a deduction equal to fair market value shall be allowed for charitable contributions of literary, musical, artistic, or scholarly compositions created by the donor.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.
This Act may be cited as the “Artists’ Contribution
to American Heritage Act of 2005”.
SEC. 2. CHARITABLE CONTRIBUTIONS OF CERTAIN ITEMS CREATED BY THE TAXPAYER.

(a) In General.—Subsection (e) of section 170 of the Internal Revenue Code of 1986 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph:

“(7) SPECIAL RULE FOR CERTAIN CONTRIBUTIONS OF LITERARY, MUSICAL, OR ARTISTIC COMPOSITIONS.—

“(A) IN GENERAL.—In the case of a qualified artistic charitable contribution—

“(i) the amount of such contribution shall be the fair market value of the property contributed (determined at the time of such contribution), and

“(ii) no reduction in the amount of such contribution shall be made under paragraph (1).

“(B) QUALIFIED ARTISTIC CHARITABLE CONTRIBUTION.—For purposes of this paragraph, the term ‘qualified artistic charitable contribution’ means a charitable contribution of any literary, musical, artistic, or scholarly composition, or similar property, or the copyright thereon (or both), but only if—
“(i) such property was created by the personal efforts of the taxpayer making such contribution no less than 18 months prior to such contribution,

“(ii) the taxpayer—

“(I) has received a qualified appraisal of the fair market value of such property in accordance with the regulations under this section, and

“(II) attaches to the taxpayer’s income tax return for the taxable year in which such contribution was made a copy of such appraisal,

“(iii) the donee is an organization described in subsection (b)(1)(A),

“(iv) the use of such property by the donee is related to the purpose or function constituting the basis for the donee’s exemption under section 501 (or, in the case of a governmental unit, to any purpose or function described under subsection (c)),

“(v) the taxpayer receives from the donee a written statement representing that the donee’s use of the property will be
in accordance with the provisions of clause (iv), and

“(vi) the written appraisal referred to in clause (ii) includes evidence of the extent (if any) to which property created by the personal efforts of the taxpayer and of the same type as the donated property is or has been—

“(I) owned, maintained, and displayed by organizations described in subsection (b)(1)(A), and

“(II) sold to or exchanged by persons other than the taxpayer, donee, or any related person (as defined in section 465(b)(3)(C)).

“(C) Maximum dollar limitation; no carryover of increased deduction.—The increase in the deduction under this section by reason of this paragraph for any taxable year—

“(i) shall not exceed the artistic adjusted gross income of the taxpayer for such taxable year, and

“(ii) shall not be taken into account in determining the amount which may be car-
ried from such taxable year under sub-
section (d).

“(D) ARTISTIC ADJUSTED GROSS IN-
COME.—For purposes of this paragraph, the
term ‘artistic adjusted gross income’ means
that portion of the adjusted gross income of the
taxpayer for the taxable year attributable to—

“(i) income from the sale or use of
property created by the personal efforts of
the taxpayer which is of the same type as
the donated property, and

“(ii) income from teaching, lecturing,
performing, or similar activity with respect
to property described in clause (i).

“(E) PARAGRAPH NOT TO APPLY TO CER-
TAIN CONTRIBUTIONS.—Subparagraph (A) shall
not apply to any charitable contribution of any
letter, memorandum, or similar property which
was written, prepared, or produced by or for an
individual while the individual is an officer or
employee of any person (including any govern-
ment agency or instrumentality) unless such
letter, memorandum, or similar property is en-
tirely personal.
“(F) Copyright treated as separate property for partial interest rule.—In
the case of a qualified artistic charitable contribution, the tangible literary, musical, artistic,
or scholarly composition, or similar property and the copyright on such work shall be treated
as separate properties for purposes of this paragraph and subsection (f)(3).”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after
December 31, 2005.