

118TH CONGRESS
1ST SESSION

H. R. 4055

To amend the Internal Revenue Code of 1986 to exclude interest on loans by depository institutions to qualified opportunity zone businesses from gross income, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 2023

Mr. BARR 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 exclude interest on loans by depository institutions to qualified opportunity zone businesses from gross income, 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 “Opportunity Zones En-
5 hancement Act of 2023”.

1 **SEC. 2. EXCLUSION FOR INTEREST ON LOANS TO QUALI-**
2 **FIED OPPORTUNITY ZONE BUSINESSES.**

3 (a) IN GENERAL.—Part III of subchapter B of chap-
4 ter 1 of the Internal Revenue Code of 1986 is amended
5 by inserting after section 139I the following new section:

6 **“SEC. 139J. INTEREST ON LOANS TO QUALIFIED OPPOR-**
7 **TUNITY ZONE BUSINESSES.**

8 “(a) EXCLUSION.—Gross income shall not include an
9 amount equal to so much of the interest received by a de-
10 pository institution on any loan to a qualified borrower
11 as does not exceed the lesser of—

12 “(1) the taxpayer’s retained earnings attrib-
13 utable to the taxable year, or

14 “(2) \$5,000,000.

15 “(b) DEPOSITORY INSTITUTION.—For purposes of
16 this section, the term ‘depository institution’ has the
17 meaning given such term in section 3 of the Federal De-
18 posit Insurance Act.

19 “(c) QUALIFIED BORROWER.—For purposes of this
20 section, the term ‘qualified borrower’ means a borrower
21 that at the time of origination of the loan is a qualified
22 opportunity zone business (as defined in section 1400Z–
23 2(d)).

24 “(d) RETAINED EARNINGS.—For purposes of this
25 section, the term ‘retained earnings’ means the excess of
26 the taxpayer’s earnings and profits (within the meaning

1 of section 316(a)(2)) for the taxable year over the divi-
2 dends paid by the taxpayer during such taxable year.

3 “(e) INFLATION ADJUSTMENT.—

4 “(1) IN GENERAL.—In the case of any taxable
5 year beginning after 2023, the dollar amounts in
6 subsections (a)(2) and (e) shall be increased by an
7 amount equal to—

8 “(A) such dollar amount, multiplied by

9 “(B) the cost-of-living adjustment deter-
10 mined under section 1(f)(3) for the calendar
11 year in which the taxable year begins, deter-
12 mined by substituting ‘calendar year 2022’ for
13 ‘calendar year 2016’ in subparagraph (A)(ii).

14 “(2) ROUNDING.—Any amount under para-
15 graph (1) shall be rounded to the nearest multiple
16 of \$1,000,000.

17 “(f) CONTROLLED GROUP.—

18 “(1) IN GENERAL.—In the case of a depository
19 institution which is a member of a controlled group
20 which includes one or more other depository institu-
21 tions, such institutions shall for purposes of applying
22 the dollar amounts in subsections (a) and (b) be
23 treated as one depository institution.

24 “(2) DEFINITION.—For purposes of this sub-
25 section, the term ‘controlled group’ means any group

1 treated as a single employer under subsection (b),
2 (c), (m), or (o) of section 414.

3 “(g) REGULATIONS.—The Secretary shall prescribe
4 such regulations as may be necessary or appropriate to
5 carry out the purposes of this section.

6 “(h) COORDINATION WITH SECTION 265.—Loans
7 from a depository institution to a qualified borrower shall
8 be treated as obligations described in section 265(a)(2) the
9 interest on which is wholly exempt from the taxes imposed
10 by this subtitle.”.

11 (b) CLERICAL AMENDMENT.—The table of sections
12 for such part III is amended by inserting after the item
13 relating to section 139I the following new item:

“Sec. 139J. Interest on loans to qualified opportunity zone businesses.”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 the date of the enactment of this Act.

○