

## S 1416

### Reduction of Excess Business Holding Accrual Act

**Congress:** 119 (2025–2027, Current)

**Chamber:** Senate

**Policy Area:** Taxation

**Introduced:** Apr 10, 2025

**Current Status:** Read twice and referred to the Committee on Finance.

**Latest Action:** Read twice and referred to the Committee on Finance. (Apr 10, 2025)

**Official Text:** <https://www.congress.gov/bill/119th-congress/senate-bill/1416>

### Sponsor

**Name:** Sen. Scott, Rick [R-FL]

**Party:** Republican • **State:** FL • **Chamber:** Senate

### Cosponsors

*No cosponsors are listed for this bill.*

### Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Apr 10, 2025

### Subjects & Policy Tags

#### Policy Area:

Taxation

### Related Bills

Bill	Relationship	Last Action
119 HR 2014	Related bill	<b>Mar 10, 2025:</b> Referred to the House Committee on Ways and Means.

## **Reduction of Excess Business Holding Accrual Act**

This bill treats certain stock repurchased by a corporation from an employee stock ownership plan (ESOP) as outstanding voting stock for purposes of the federal excise tax imposed on a private foundation's excess business holdings. Thus, a private foundation may exclude such stock in calculating present holdings in a corporation and liability for the excise tax. (Exceptions apply.)

As background, a federal excise tax is imposed on a private foundation that owns more than 20% of the voting stock in a corporation, reduced by the percentage of voting stock held by all disqualified persons (excess business holdings). However, a private foundation with excess business holdings on May 26, 1969 (grandfathered private foundation) may own a greater percentage of voting stock in certain circumstances.

Under the bill, stock is treated as outstanding voting stock if such stock is

- not readily tradable on an established securities market;
- repurchased from an ESOP on or after January 1, 2020; and
- held by the corporation as treasury stock, cancelled, or retired.

However, such stock is not treated as outstanding voting stock if it is repurchased within the first 10 years of establishing the ESOP or, as a result of the repurchase, the permitted holdings of the private foundation would exceed 49% of the voting stock in the corporation.

Finally, under the bill, such stock does not reduce the percentage of voting stock a grandfathered private foundation may own.

