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(Original Signature of Member)

114TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to make an exception to the 100 shareholder S corporation limitation in the case of shareholders whose shares were acquired through certain crowd-funding or small public offerings.

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IN THE HOUSE OF REPRESENTATIVES

Mr. HILL introduced the following bill; which was referred to the Committee  
on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to make an exception to the 100 shareholder S corporation limitation in the case of shareholders whose shares were acquired through certain crowd-funding or small public offerings.

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

1 **SECTION 1. EXCEPTION TO S CORPORATION SHARE-**  
2 **HOLDER LIMITATION IN CASE OF CROWD-**  
3 **FUNDING AND SMALL PUBLIC OFFERINGS.**

4 (a) **IN GENERAL.**—Section 1361(c) of the Internal  
5 Revenue Code of 1986 is amended by adding at the end  
6 the following new paragraph:

7 “(7) **TREATMENT OF SHARES ACQUIRED**  
8 **THROUGH CROWD-FUNDING AND SMALL PUBLIC OF-**  
9 **FERINGS.**—The number of shareholders of the cor-  
10 poration shall be determined under subsection  
11 (b)(1)(A) without regard to any individual who has  
12 only acquired shares in the corporation through—

13 “(A) a public offering that meets the terms  
14 and conditions set forth in Regulation A pro-  
15 mulgated by the Securities and Exchange Com-  
16 mission (17 C.F.R. 230.251 et seq.), or

17 “(B) one or more transactions described in  
18 section 4(a)(6) of the Securities Act of 1933  
19 (15 U.S.C. 77d(a)(6)).”.

20 (b) **EFFECTIVE DATE.**—The amendment made by  
21 this section shall apply to taxable years beginning after  
22 the date of the enactment of this Act.