

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1796

To amend the Internal Revenue Code of 1986 to treat charitable remainder pet trusts in a similar manner as charitable remainder annuity trusts and charitable remainder unitrusts.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2001

Mr. BLUMENAUER introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to treat charitable remainder pet trusts in a similar manner as charitable remainder annuity trusts and charitable remainder unitrusts.

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. AMENDMENT OF 1986 CODE.**

4       Except as otherwise expressly provided, whenever in  
5       this Act an amendment or repeal is expressed in terms  
6       of an amendment to, or repeal of, a section or other provi-  
7       sion, the reference shall be considered to be made to a

1 section or other provision of the Internal Revenue Code  
2 of 1986.

3 **SEC. 2. CHARITABLE REMAINDER PET TRUSTS.**

4 (a) CHARITABLE REMAINDER PET TRUST DE-  
5 FINED.—Section 664(d) is amended by adding at the end  
6 the following new paragraphs:

7 “(5) CHARITABLE REMAINDER PET TRUST.—  
8 For purposes of this section, a charitable remainder  
9 pet trust is a trust—

10 “(A) from which a sum certain is to be  
11 paid, not less often than annually, for the exclu-  
12 sive benefit of one or more pets (as defined in  
13 paragraph (6)) for a term of years (not in ex-  
14 cess of 20 years) or for the life or lives of such  
15 pet or pets,

16 “(B) from which no amount other than the  
17 payments described in subparagraph (A) and  
18 the taxes imposed pursuant to subsection (c)  
19 may be paid to or for the use of any person  
20 other than an organization described in section  
21 170(c),

22 “(C) following the termination of the pay-  
23 ments described in subparagraph (A), the re-  
24 mainder interest in the trust is to be trans-

1           ferred to, or for the use of, an organization de-  
2           scribed in section 170(c), and

3           “(D) the value (determined under section  
4           7520) of such remainder interest is at least 10  
5           percent of the initial fair market value of all  
6           property placed in the trust.

7           “(6) PET.—For purposes of a charitable re-  
8           mainder pet trust, a pet is any domesticated com-  
9           panion animal (including a domesticated companion  
10          cat, dog, rabbit, guinea pig, hamster, gerbil, ferret,  
11          mouse, rat, bird, fish, reptile, or horse) which is liv-  
12          ing, and owned or cared for by the taxpayer estab-  
13          lishing the trust, at the time of the creation of the  
14          trust.”.

15          (b) TAX ON ANNUITY DISTRIBUTIONS FROM CHARI-  
16          TABLE REMAINDER PET TRUSTS.—Section 664(c) is  
17          amended by inserting “, and except, in the case of a chari-  
18          table remainder pet trust, that any distribution during  
19          such year for the benefit of a pet (as defined in subsection  
20          (d)) shall be taxable income of the trust for such year,  
21          to the extent of the income of the trust for the year and  
22          undistributed income of the trust for prior years after “ap-  
23          plied to such trust)”.

24          (c) CONFORMING AMENDMENTS.—

1           (1) Section 170(f)(2)(A), section 2055(e)(2)(A),  
2           and section 2522(c)(2)(A) are amended by striking  
3           “charitable remainder annuity trust or a charitable  
4           remainder unitrust” and inserting “charitable re-  
5           mainder annuity trust, charitable remainder  
6           unitrust, or charitable remainder pet trust”.

7           (2) Subsections (a) and (c) of section 664 are  
8           amended by striking “charitable remainder annuity  
9           trust and a charitable remainder unitrust” and in-  
10          serting “charitable remainder annuity trust, chari-  
11          table remainder unitrust, and charitable remainder  
12          pet trust”.

13          (3) Section 664(e) and section  
14          1361(e)(1)(B)(iii) are amended by striking “chari-  
15          table remainder annuity trust or charitable remain-  
16          der unitrust” and inserting “charitable remainder  
17          annuity trust, charitable remainder unitrust, or  
18          charitable remainder pet trust”.

19          (4) Paragraphs (1) and (3) of section 664(f)  
20          are amended by striking “(1)(A) or (2)(A)” and in-  
21          serting “(1)(A), (2)(A), or (5)(A)”.

22          (5) Section 2055(e)(2)(F) is amended by insert-  
23          ing “or pet (as defined in section 664(d))” after “by  
24          reason of the death of any individual”.

25          (6) Section 2652(c)(1)(C) is amended—

1 (A) in clause (ii) by striking “within the  
2 meaning of section 664, or” and inserting “,”;

3 (B) by redesignating clause (iii) as clause  
4 (iv); and

5 (C) by inserting after clause (ii) the fol-  
6 lowing new clause:

7 “(iii) a charitable remainder pet trust  
8 within the meaning of section 664, or”.

9 (d) **EFFECTIVE DATE.**—The amendments made  
10 by this section shall apply to charitable remainder  
11 pet trusts created after the date of the enactment of  
12 this Act.

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