

105TH CONGRESS  
1ST SESSION

# S. 194

To amend the Internal Revenue Code of 1986 to make permanent the section 170(e)(5) rules pertaining to gifts of publicly-traded stock to certain private foundations, and for other purposes.

---

## IN THE SENATE OF THE UNITED STATES

JANUARY 22, 1997

Mr. CHAFEE (for himself, Mr. MOYNIHAN, Mr. ABRAHAM, and Mr. KYL) introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to make permanent the section 170(e)(5) rules pertaining to gifts of publicly-traded stock to certain private foundations, 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       (a) IN GENERAL.—Section 170(e)(5) of the Internal  
4       Revenue Code of 1986 (relating to special rule for con-  
5       tributions of stock for which market quotations are readily  
6       available) is amended by striking subparagraph (D).

1 (b) EFFECTIVE DATE.—The amendment made by  
 2 subsection (a) shall apply to contributions made after May  
 3 31, 1997.

4 **SEC. 2. PRIVATE FOUNDATION GRANTS TO FOREIGN ORGA-**  
 5 **NIZATIONS TREATED AS PRIVATE FOUNDA-**  
 6 **TIONS.**

7 (a) IN GENERAL.—Section 4942(g)(3) of the Internal  
 8 Revenue Code of 1986 (relating to certain contributions  
 9 to section 501(c)(3) organizations) is amended to read as  
 10 follows:

11 “(3) CERTAIN CONTRIBUTIONS TO SECTION  
 12 501(c)(3) ORGANIZATIONS.—For purposes of this sec-  
 13 tion, the term ‘qualifying distribution’ includes a  
 14 contribution to a section 501(c)(3) organization de-  
 15 scribed in clause (i) or (ii) of paragraph (1)(A) if—

16 “(A) not later than the close of the first  
 17 taxable year after its taxable year in which such  
 18 contribution is received—

19 “(i) such organization makes a dis-  
 20 tribution equal to the amount of such con-  
 21 tribution and such distribution is a qualify-  
 22 ing distribution (within the meaning of  
 23 paragraph (1) or (2), without regard to  
 24 this paragraph) which is treated under

subsection (h) as a distribution out of corpus (or would be so treated if such section 501(c)(3) organization were a private foundation which is not an operating foundation), or

“(ii) in the case of a grant to a foreign organization that is not controlled (directly or indirectly) by the foundation or 1 or more disqualified persons (as defined in section 4946) with respect to the foundation, such organization makes expenditures equal to the amount of such contribution to accomplish 1 or more purposes described in section 170(c)(2)(B) and the grantor foundation exercises expenditure responsibility with respect to the grant (as defined in section 4945(h)), and

“(B) the private foundation making the contribution obtains adequate records or other sufficient evidence from such organization showing that the requirements of subparagraph (A) are satisfied.”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1996.

1 **SEC. 3. CHANGING DUE DATE FOR FIRST QUARTER ESTI-**  
 2 **MATED TAX PAYMENTS BY PRIVATE FOUNDA-**  
 3 **TIONS.**

4 (a) IN GENERAL.—Section 6655(g)(3) of the Internal  
 5 Revenue Code of 1986 (relating to certain tax exempt or-  
 6 ganizations) is amended by inserting after subparagraph  
 7 (C) the following new subparagraph:

8 “(D) In the case of any private foundation,  
 9 subsection (c)(2) shall be applied by substitut-  
 10 ing ‘May 15’ for ‘April 15’.”

11 (b) EFFECTIVE DATE.—The amendment made by  
 12 subsection (a) shall apply to taxable years beginning after  
 13 December 31, 1996.

○