

106TH CONGRESS
1ST SESSION

S. 523

To amend the Internal Revenue Code of 1986 to treat certain hospital support organizations as qualified organizations for purposes of section 514(c)(9).

IN THE SENATE OF THE UNITED STATES

MARCH 3, 1999

Mr. INOUE (for himself and Mr. AKAKA) 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 treat certain hospital support organizations as qualified organizations for purposes of section 514(c)(9).

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. TREATMENT OF CERTAIN HOSPITAL SUPPORT**
4 **ORGANIZATIONS AS QUALIFIED ORGANIZA-**
5 **TIONS FOR PURPOSES OF DETERMINING AC-**
6 **QUISITION INDEBTEDNESS.**

7 (a) IN GENERAL.—Subparagraph (C) of section
8 514(c)(9) of the Internal Revenue Code of 1986 is amend-
9 ed by striking “or” at the end of clause (ii), by striking

1 the period at the end of clause (iii) and inserting “; or”,
 2 and by adding at the end the following new clause:

3 “(iv) a qualified hospital support
 4 organization (as defined in subpara-
 5 graph (I)).”

6 (b) QUALIFIED HOSPITAL SUPPORT ORGANIZA-
 7 TIONS.—Paragraph (9) of section 514(c) of the Internal
 8 Revenue Code of 1986 is amended by adding at the end
 9 the following new subparagraph:

10 “(I) QUALIFIED HOSPITAL SUPPORT ORGA-
 11 NIZATIONS.—For purposes of subparagraph
 12 (C)(iv), the term ‘qualified hospital support or-
 13 ganization’ means, with respect to any indebt-
 14 edness, a support organization (as defined in
 15 section 509(a)(3)) which supports a hospital de-
 16 scribed in section 170(b)(1)(A)(iii) and with re-
 17 spect to which—

18 “(i) more than half of its assets
 19 (by value) at any time since its
 20 organization—

21 “(I) were acquired, directly
 22 or indirectly, by gift or devise,
 23 and

24 “(II) consisted of real prop-
 25 erty,

1 “(ii) the fair market value of the
2 organization’s unimproved real estate
3 acquired, directly or indirectly, by gift
4 or devise, exceeded 10 percent of the
5 fair market value of all investment as-
6 sets held by the organization imme-
7 diately prior to the time that the in-
8 debtedness was incurred, and

9 “(iii) no member of the organiza-
10 tion’s governing body was a disquali-
11 fied person (as defined in section
12 4946 but not including any founda-
13 tion manager) at any time during the
14 taxable year in which the indebtedness
15 was incurred.

16 In the case of any refinancing not in excess of
17 the indebtedness being refinanced, the deter-
18 minations under clauses (ii) and (iii) shall be
19 made by reference to the earliest date indebted-
20 ness meeting the requirements of this subpara-
21 graph (and involved in the chain of indebted-
22 ness being refinanced) was incurred.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to indebtedness incurred on or
3 after the date of the enactment of this Act.

