

107TH CONGRESS
1ST SESSION

S. 779

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

APRIL 26, 2001

Mr. INOUE 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 (relating
9 to real property acquired by a qualified organization) is

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

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

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

11 “(I) QUALIFIED HOSPITAL SUPPORT ORGA-
 12 NIZATIONS.—For purposes of subparagraph
 13 (C)(iv), the term ‘qualified hospital support or-
 14 ganization’ means, with respect to any eligible
 15 indebtedness (including any qualified refi-
 16 nancing of such eligible indebtedness), a sup-
 17 port organization (as defined in section
 18 509(a)(3)) which supports a hospital described
 19 in section 119(d)(4)(B) and with respect to
 20 which—

21 “(i) more than half of its assets
 22 (by value) at any time since its
 23 organization—

1 “(I) were acquired, directly
2 or indirectly, by gift or devise,
3 and

4 “(II) consisted of real prop-
5 erty, and

6 “(ii) the fair market value of the
7 organization’s real estate acquired, di-
8 rectly or indirectly, by gift or devise,
9 exceeded 10 percent of the fair mar-
10 ket value of all investment assets held
11 by the organization immediately prior
12 to the time that the eligible indebted-
13 ness was incurred.

14 For purposes of this subparagraph, the term
15 ‘eligible indebtedness’ means indebtedness se-
16 cured by real property acquired by the organi-
17 zation, directly or indirectly, by gift or devise,
18 the proceeds of which are used exclusively to ac-
19 quire any leasehold interest in such real prop-
20 erty or for improvements on, or repairs to, such
21 real property. A determination under clauses (i)
22 and (ii) of this subparagraph shall be made
23 each time such an eligible indebtedness (or the
24 qualified refinancing of such an eligible indebt-
25 edness) is incurred. For purposes of this sub-

1 paragraph, a refinancing of such an eligible in-
2 debtedness shall be considered qualified if such
3 refinancing does not exceed the amount of the
4 refinanced eligible indebtedness immediately be-
5 fore the refinancing.”.

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

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