

109TH CONGRESS
1ST SESSION

H. R. 217

To amend the Internal Revenue Code of 1986 to repeal the 2 percent excise tax on the net investment income of tax-exempt foundations.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 2005

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

A BILL

To amend the Internal Revenue Code of 1986 to repeal the 2 percent excise tax on the net investment income of tax-exempt foundations.

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. REPEAL OF EXCISE TAX ON NET INVESTMENT**
4 **INCOME OF TAX-EXEMPT FOUNDATIONS.**

5 (a) REPEAL.—Subsection (a) of section 4940 of the
6 Internal Revenue Code of 1986 (relating to excise tax
7 based on investment income) is repealed.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 4940 of such Code is amended—

1 (A) by redesignating subsections (b), (c),
2 and (d) as subsections (a), (b), and (c), respec-
3 tively,

4 (B) by striking subsection (e), and

5 (C) in subsection (a), as redesignated by
6 subparagraph (A), by striking “(A) the tax im-
7 posed under subsection (a) (computed as if such
8 subsection applied to such private foundation
9 for the taxable year),” and inserting “(A) an
10 amount equal to 2 percent of the net invest-
11 ment income of such foundation for the taxable
12 year,”.

13 (2) Section 4942(f)(3)(A) of such Code is
14 amended by striking “section 4940(c)(3)(B)” and
15 inserting “section 4940(b)(3)(B)”.

16 (3) Section 4945(d)(4)(A) of such Code is
17 amended by striking “section 4940(d)(2)” and in-
18 serting “section 4940(c)(2)”.

19 (4) Section 4948(a) of such Code is amended
20 by striking “section 4940(c)(2)” and inserting “sec-
21 tion 4940(b)(2)”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2005.

○