

111TH CONGRESS
1ST SESSION

H. R. 3602

To allow certain newspapers to be treated as described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 2009

Mrs. MALONEY introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To allow certain newspapers to be treated as described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code.

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 NEWSPAPERS AS EX-**
4 **EMPT FROM TAX UNDER SECTION 501.**

5 (a) IN GENERAL.—Paragraph (3) of section 501(c)
6 of the Internal Revenue Code of 1986 is amended by in-
7 serting “(including a qualified newspaper corporation)”
8 after “educational purposes”.

1 (b) QUALIFIED NEWSPAPER CORPORATION.—Section
2 501 of the Internal Revenue Code of 1986 is amended—

3 (1) by redesignating subsection (r) as sub-
4 section (s), and

5 (2) by inserting after subsection (q) the fol-
6 lowing new subsection:

7 “(r) QUALIFIED NEWSPAPER CORPORATION.—For
8 purposes of this title, a corporation or organization shall
9 be treated as a qualified newspaper corporation if—

10 “(1) the trade or business of such corporation
11 or organization consists of publishing on a regular
12 basis a newspaper for general circulation,

13 “(2) the newspaper published by such corpora-
14 tion or organization contains local, national, or
15 international news stories of interest to the general
16 public and the distribution of such newspaper is nec-
17 essary or valuable in achieving an educational pur-
18 pose, and

19 “(3) the preparation of the material contained
20 in such newspaper follows methods generally accept-
21 ed as educational in character.”.

22 (c) UNRELATED BUSINESS INCOME OF A QUALIFIED
23 NEWSPAPER CORPORATION.—Section 513 of the Internal
24 Revenue Code of 1986 is amended by adding at the end
25 the following new subsection:

1 “(k) ADVERTISING INCOME OF QUALIFIED NEWS-
2 PAPER CORPORATIONS.—The term ‘unrelated trade or
3 business’ does not include the sale by a qualified news-
4 paper corporation (as defined in section 501(r)) of any
5 space for commercial advertisement to be published in a
6 newspaper, to the extent that the space allotted to all such
7 advertisements in such newspaper does not exceed the
8 space allotted to fulfilling the educational purpose of such
9 qualified newspaper corporation.”.

10 (d) DEDUCTION FOR CHARITABLE CONTRIBU-
11 TIONS.—Subparagraph (B) of section 170(c) of the Inter-
12 nal Revenue Code of 1986 is amended by inserting “(in-
13 cluding a qualified newspaper corporation as defined in
14 section 501(r))” after “educational purposes”.

15 (e) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 the date of the enactment of this Act.

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