

111TH CONGRESS  
2D SESSION

# S. 3453

To provide an exception from the payout requirements established for certain section 501(c)(3) type III supporting organizations under section 1241(d) of the Pension Protection Act of 2006.

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## IN THE SENATE OF THE UNITED STATES

MAY 28 (legislative day, MAY 26), 2010

Mr. NELSON of Florida (for himself, Mr. CARPER, and Mr. CHAMBLISS) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To provide an exception from the payout requirements established for certain section 501(c)(3) type III supporting organizations under section 1241(d) of the Pension Protection Act of 2006.

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. EXCEPTION FROM PAYOUT REQUIREMENTS**  
4 **FOR TYPE III SUPPORTING ORGANIZATIONS.**

5 (a) IN GENERAL.—Section 1241(d) of the Pension  
6 Protection Act of 2006 (26 U.S.C. 509 note) is amended  
7 by redesignating paragraph (2) as paragraph (3) and by  
8 inserting after paragraph (1) the following new paragraph:

1           “(2) EXCEPTION FOR CERTAIN EXISTING ORGA-  
2       NIZATIONS.—

3           “(A) IN GENERAL.—The regulations under  
4       paragraph (1) shall not apply to any type III  
5       supporting organization described in subpara-  
6       graph (B).

7           “(B) APPLICATION.—A type III sup-  
8       porting organization is described in this sub-  
9       paragraph if—

10           “(i) the organization was classified as  
11       an organization described in section  
12       509(a)(3) of the Internal Revenue Code of  
13       1986 before August 17, 2006,

14           “(ii) no substantial contributor (with-  
15       in the meaning of section 4958(c)(3)(C) of  
16       such Code) to the organization was alive  
17       on August 17, 2006,

18           “(iii) no family member (within the  
19       meaning of section 4958(f)(4) of such  
20       Code) of any substantial contributor is an  
21       organization manager (as defined in sec-  
22       tion 4958(f)(2) of such Code) with respect  
23       to the organization or is a borrower or les-  
24       see of property from the organization, and

25           “(iv) either—

1 “(I) the organization has not ac-  
2 cepted any contribution from a sub-  
3 stantial contributor after December  
4 31, 1970, other than by operation of  
5 the creator’s will or other gift instru-  
6 ment that was executed before De-  
7 cember 31, 1970, or

8 “(II) the organization normally  
9 distributes each year for its exempt  
10 purposes an amount not less than 85  
11 percent of the organization’s adjusted  
12 net income (as defined in section  
13 4942(f) of such Code) for the imme-  
14 diately preceding year and holds 30  
15 percent or more of the reasonably es-  
16 timated value of its total assets, other  
17 than assets used or held for use di-  
18 rectly in carrying out one or more  
19 purposes described in section  
20 170(c)(2)(B), in the form of assets for  
21 which market quotations are not read-  
22 ily available but which normally  
23 produce gross investment income (as  
24 defined in section 4940(c)(2) of such  
25 Code).”.

1       (b) CONFORMING AMENDMENT.—Section 1241(d)(3)  
2 of such Act, as redesignated by subsection (a), is amended  
3 by striking “paragraph (1)” and inserting “this sub-  
4 section”.

5       (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall take effect as if included in the provisions  
7 of the Pension Protection Act of 2006 to which such  
8 amendments relate.

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