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114TH CONGRESS
2D SESSION

H. R. 4706

To amend the Internal Revenue Code of 1986 to exclude from gross income certain interest and money market fund dividend income payments to charity and to modify the requirements relating to the reporting of such payments.

IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 2016

Mr. PAULSEN 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 exclude from gross income certain interest and money market fund dividend income payments to charity and to modify the requirements relating to the reporting of such payments.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Interest for Others Act of 2016''.

SEC. 2. EXCLUSION FROM GROSS INCOME OF CERTAIN INTEREST AND MONEY MARKET FUND DIVIDENDS PAID TO CHARITY.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after 139E the following:

"SEC. 139F. INTEREST AND MONEY MARKET FUND DIVIDENDS DONATED TO CHARITY.

"(a) GENERAL RULE.—In the case of a taxpayer who is an individual, trust, or estate, gross income for a taxable year shall not include the amount of a charitable contribution pursuant to a qualified program made during the taxable year in which a calendar year ends.

"(b) LIMITATIONS.—

"(1) EXCLUSION LIMITED TO INTEREST AND DIVIDEND INCOME.—The amount excluded from gross income by subsection (a) for a calendar year shall not exceed the sum of—

"(A) in the case of a deposit in a financial institution, the lesser of—

"(i) the amount of interest paid to the taxpayer on such deposit for the calendar year, and

"(ii) the aggregate charitable contribution from such deposit during the calendar year, and

"(B) in the case of shares in a money market fund, the lesser of—

"(i) the amount of dividends paid with respect to such shares for the calendar year, and

"(ii) the aggregate charitable contribution from such shares during the calendar year.

"(2) ACCOUNT LIMITATION.—The amount excluded from gross income by subsection (a) from an account for a calendar year shall not exceed $50.

"(c) QUALIFIED PROGRAM.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified program' means a program adopted by a financial institution or a money market fund (as the case may be) under which—

"(A) the owner of a deposit in the financial institution or of shares in the money market fund—

"(i) elects to participate in the program,

"(ii) elects the amount of donation from the owner's deposit or shares, and "(iii) designates an entity described in section 170(c) to receive the donation, and

"(B) the financial institution or money market fund makes, directly or through a qualified aggregator, a contribution of the amount elected under subparagraph (A)(ii) to the entity designated under subparagraph (A)(iii).

"(2) QUALIFIED AGGREGATOR.—

"(A) IN GENERAL.—The term 'qualified aggregator' means an organization—

"(i) which is described in section 501(c)(3) and exempt from tax under section 501(a), and

"(ii) the purpose of which is to facilitate charitable contributions under a qualified program by aggregating contributions from deposits and funds and payments to entities designated to receive such payments.

"(B) ADMINISTRATIVE COSTS.—An entity shall not fail to be treated as a qualified aggregator solely because the entity retains a portion of contributions from deposits and funds to cover its administrative costs if the qualified aggregator provides notice in advance of its intent to retain such a portion. The notice need not specify the exact amount or percentage of the amount to be retained.

"(C) SPECIAL RULE REGARDING STATUS TO RECEIVE CHARITABLE CONTRIBUTIONS.—A program shall not fail to be described in paragraph (1) merely because the ultimate recipient of a contribution is ineligible to receive charitable contributions so long as the qualified aggregator and the financial institution or money market fund (as the case may be) made an initial good faith determination that contributions to recipients under the program would be qualified under section 170(c) to receive charitable contributions. For purposes of the preceding sentence, a financial institution or money market fund may rely upon the representation of the qualified aggregator that the organizations to which distributions will be made qualify under section 170(c) to receive charitable contributions.

"(d) OTHER DEFINITIONS.—For purposes of this section—

"(1) DEPOSIT.—The term 'deposit' means any deposit, withdrawable account, or withdrawable or repurchasable share.

"(2) FINANCIAL INSTITUTION.—The term 'financial institution' means—

"(A) any bank (as defined in section 581),

"(B) any institution described in section 591,

"(C) any credit union the deposits or accounts in which are insured under Federal or State law or are protected or guaranteed under State law, and

"(D) any similar institution chartered and supervised under Federal or State law.

"(3) MONEY MARKET FUND.—The term 'money market fund' means an open-end investment management company registered under the Investment Company Act of 1940 and subject to Rule 2a–7 thereof.

"(4) CHARITABLE CONTRIBUTION.—The term 'charitable contribution' means a charitable contribution as defined in section 170(c).".

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting after the item relating to section 139E the following:

"Sec. 139F. Interest and money market fund dividends donated to charity.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to all interest and money market fund dividends paid after December 31, 2015.

SEC. 3. DENIAL OF DEDUCTION OF AMOUNTS EXCLUDED FROM INCOME UNDER SECTION 139F.

(a) IN GENERAL.—Section 170(f) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"(19) CERTAIN DONATED INTEREST AND MONEY MARKET FUND DIVIDENDS.—Amounts excluded from gross income under section 139F shall not be taken into account as a charitable contribution for purposes of this section.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to all charitable contributions made after December 31, 2015.

SEC. 4. INFORMATION RETURNS.

(a) MONEY MARKET FUNDS.—Section 6042(b)(2) of the Internal Revenue Code of 1986 is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or" and by adding at the end the following:

"(C) which is specifically excluded from gross income of the payee by section 139F(a).".

(b) PAYMENTS OF INTEREST.—Section 6049(b)(2) of such Code is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", and", and by adding at the end the following:

"(D) interest which is specifically excluded from gross income of the payee by section 139F(a).".

(c) RETURNS REGARDING PAYMENTS EXCLUDED FROM GROSS INCOME UNDER SECTION 139F.—Subpart B of part III of subchapter A of chapter 61 of such Code is amended by inserting after section 6049 the following:

"SEC. 6049A. RETURNS REGARDING INTEREST AND MONEY MARKET FUND DIVIDENDS CONTRIBUTED TO CHARITY.

"Every person who, during any calendar year—

"(1) makes payments of interest or dividends aggregating $10 or more and who has in effect a qualified program (as defined in section 139F(c)(1)), or

"(2) is a qualified aggregator (as defined in section 139F(c)(2)) and who, under such a qualified program, receives contributions and makes payments aggregating $10 or more to any entity described in section 170(c),

shall make a return according to the forms or regulations prescribed by the Secretary setting forth the aggregate amount of such payments, and the name and address of the person to whom paid.''.

(d) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 of such Code is amended by inserting after the item relating to section 6049 the following new item:

''Sec. 6049A. Returns regarding interest and money market fund dividends contributed to charity.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to all payments made after December 31, 2015.

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