

115TH CONGRESS
2D SESSION

H. R. 6377

To amend the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974 to provide alternative minimum funding rules for certain single-employer plans maintained by a community newspaper.

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 2018

Mr. PAULSEN (for himself, Mr. REICHERT, Ms. DELBENE, and Mr. PEARCE) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974 to provide alternative minimum funding rules for certain single-employer plans maintained by a community newspaper.

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. SHORT TITLE.**

4 This Act may be cited as the “Save Community
5 Newspaper Act of 2018”.

1 **SEC. 2. SPECIAL RULES FOR MINIMUM FUNDING STAND-**
2 **ARDS FOR COMMUNITY NEWSPAPER PLANS.**

3 (a) AMENDMENT TO INTERNAL REVENUE CODE OF
4 1986.—Section 430 of the Internal Revenue Code of 1986
5 is amended by adding at the end the following new sub-
6 section:

7 “(m) SPECIAL RULES FOR COMMUNITY NEWSPAPER
8 PLANS.—

9 “(1) IN GENERAL.—The plan sponsor of a com-
10 munity newspaper plan under which no participant
11 has had the participant’s accrued benefit increased
12 (whether because of service or compensation) after
13 December 31, 2017, may elect to have the alter-
14 native standards described in paragraph (3) apply to
15 such plan, and any plan sponsored by any member
16 of the same controlled group, for purposes of this
17 section for plan years beginning with any plan year
18 in effect on or beginning after the date of the enact-
19 ment of this subsection.

20 “(2) ELECTION.—An election under paragraph
21 (1) shall be made at such time and in such manner
22 as prescribed by the Secretary. Such election, once
23 made with respect to a plan year, shall apply to all
24 subsequent plan years unless revoked with the con-
25 sent of the Secretary.

1 “(3) ALTERNATIVE MINIMUM FUNDING STAND-
2 ARDS.—The alternative standards described in this
3 paragraph are the following:

4 “(A) INTEREST RATES.—

5 “(i) IN GENERAL.—Notwithstanding
6 subsection (h)(2)(C) and except as pro-
7 vided in clause (ii), the first, second, and
8 third segment rates in effect for any
9 month for purposes of this section shall be
10 8 percent.

11 “(ii) NEW BENEFIT ACCRUALS.—Not-
12 withstanding subsection (h)(2), for pur-
13 poses of determining the funding target
14 and normal cost of a plan for any plan
15 year, the present value of any benefits ac-
16 crued or earned under the plan for a plan
17 year with respect to which an election
18 under paragraph (1) is in effect shall be
19 determined on the basis of the U.S. Treas-
20 ury obligation yield curve for the day that
21 is the valuation date of such plan for such
22 plan year.

23 “(iii) U.S. TREASURY OBLIGATION
24 YIELD CURVE.—For purposes of this sub-
25 section, the term ‘U.S. Treasury obligation

yield curve’ means, with respect to any day, a yield curve which shall be prescribed by the Secretary for such day on interest-bearing obligations of the United States.

“(B) SHORTFALL AMORTIZATION BASE.—

“(i) PREVIOUS SHORTFALL AMORTIZATION BASES.—The shortfall amortization bases determined under subsection (c)(3) for all plan years preceding the first plan year to which the election under paragraph (1) applies (and all shortfall amortization installments determined with respect to such bases) shall be reduced to zero under rules similar to the rules of subsection (c)(6).

“(ii) NEW SHORTFALL AMORTIZATION BASE.—Notwithstanding subsection (c)(3), the shortfall amortization base for the first plan year to which the election under paragraph (1) applies shall be the funding shortfall of such plan for such plan year (determined using the interest rates as modified under subparagraph (A)).

“(C) DETERMINATION OF SHORTFALL AMORTIZATION INSTALLMENTS.—

1 “(i) 30-YEAR PERIOD.—Subpara-
 2 graphs (A) and (B) of subsection (c)(2)
 3 shall be applied by substituting ‘30-plan-
 4 year’ for ‘7-plan-year’ each place it ap-
 5 pears.

6 “(ii) NO SPECIAL ELECTION.—The
 7 election under subparagraph (D) of sub-
 8 section (c)(2) shall not apply to any plan
 9 year to which the election under paragraph
 10 (1) applies.

11 “(D) EXEMPTION FROM AT-RISK TREAT-
 12 MENT.—Subsection (i) shall not apply.

13 “(4) COMMUNITY NEWSPAPER PLAN.—For pur-
 14 poses of this subsection—

15 “(A) IN GENERAL.—The term ‘community
 16 newspaper plan’ means a plan to which this sec-
 17 tion applies maintained by an employer which,
 18 as of December 31, 2017—

19 “(i) publishes and distributes daily, ei-
 20 ther electronically or in printed form, 1 or
 21 more community newspapers in a single
 22 State,

23 “(ii) is not a company the stock of
 24 which is publicly traded (on a stock ex-
 25 change or in an over-the-counter market),

1 and is not controlled, directly or indirectly,
2 by such a company,

3 “(iii) is controlled, directly or indi-
4 rectly—

5 “(I) by 1 or more persons resid-
6 ing primarily in the State in which
7 the community newspaper is pub-
8 lished,

9 “(II) for not less than 30 years
10 by individuals who are members of the
11 same family,

12 “(III) by a trust created or orga-
13 nized in the State in which the com-
14 munity newspaper is published, the
15 sole trustees of which are persons de-
16 scribed in subclause (I) or (II),

17 “(IV) by an entity which is de-
18 scribed in section 501(c)(3) and ex-
19 empt from taxation under section
20 501(a), which is organized and oper-
21 ated in the State in which the commu-
22 nity newspaper is published, and the
23 primary purpose of which is to benefit
24 communities in such State, or

1 “(V) a combination of persons
2 described in subclause (I), (III), or
3 (IV), and

4 “(iv) does not control, directly or indi-
5 rectly, any newspaper in any other State.

6 “(B) COMMUNITY NEWSPAPER.—The term
7 ‘community newspaper’ means a newspaper
8 which primarily serves a metropolitan statistical
9 area, as determined by the Office of Manage-
10 ment and Budget, with a population of not less
11 than 100,000.

12 “(C) CONTROL.—A person shall be treated
13 as controlled by another person if such other
14 person possesses, directly or indirectly, the
15 power to direct or cause the direction and man-
16 agement of such person (including the power to
17 elect a majority of the members of the board of
18 directors of such person) through the ownership
19 of voting securities.”.

20 (b) AMENDMENT TO EMPLOYEE RETIREMENT IN-
21 COME SECURITY ACT OF 1974.—Section 303 of the Em-
22 ployee Retirement Income Security Act of 1974 (29
23 U.S.C. 1083) is amended by adding at the end the fol-
24 lowing new subsection:

1 “(m) SPECIAL RULES FOR COMMUNITY NEWSPAPER
2 PLANS.—

3 “(1) IN GENERAL.—The plan sponsor of a com-
4 munity newspaper plan under which no participant
5 has had the participant’s accrued benefit increased
6 (whether because of service or compensation) after
7 December 31, 2017, may elect to have the alter-
8 native standards described in paragraph (3) apply to
9 such plan, and any plan sponsored by any member
10 of the same controlled group, for purposes of this
11 section for plan years beginning with any plan year
12 in effect on or beginning after the date of the enact-
13 ment of this subsection.

14 “(2) ELECTION.—An election under paragraph
15 (1) shall be made at such time and in such manner
16 as prescribed by the Secretary of the Treasury. Such
17 election, once made with respect to a plan year, shall
18 apply to all subsequent plan years unless revoked
19 with the consent of the Secretary of the Treasury.

20 “(3) ALTERNATIVE MINIMUM FUNDING STAND-
21 ARDS.—The alternative standards described in this
22 paragraph are the following:

23 “(A) INTEREST RATES.—

24 “(i) IN GENERAL.—Notwithstanding
25 subsection (h)(2)(C) and except as pro-

1 vided in clause (ii), the first, second, and
2 third segment rates in effect for any
3 month for purposes of this section shall be
4 8 percent.

5 “(ii) NEW BENEFIT ACCRUALS.—Not-
6 withstanding subsection (h)(2), for pur-
7 poses of determining the funding target
8 and normal cost of a plan for any plan
9 year, the present value of any benefits ac-
10 crued or earned under the plan for a plan
11 year with respect to which an election
12 under paragraph (1) is in effect shall be
13 determined on the basis of the U.S. Treas-
14 ury obligation yield curve for the day that
15 is the valuation date of such plan for such
16 plan year.

17 “(iii) U.S. TREASURY OBLIGATION
18 YIELD CURVE.—For purposes of this sub-
19 section, the term ‘U.S. Treasury obligation
20 yield curve’ means, with respect to any
21 day, a yield curve which shall be prescribed
22 by the Secretary for such day on interest-
23 bearing obligations of the United States.

24 “(B) SHORTFALL AMORTIZATION BASE.—

1 “(i) PREVIOUS SHORTFALL AMORTIZA-
 2 TION BASES.—The shortfall amortization
 3 bases determined under subsection (c)(3)
 4 for all plan years preceding the first plan
 5 year to which the election under paragraph
 6 (1) applies (and all shortfall amortization
 7 installments determined with respect to
 8 such bases) shall be reduced to zero under
 9 rules similar to the rules of subsection
 10 (c)(6).

11 “(ii) NEW SHORTFALL AMORTIZATION
 12 BASE.—Notwithstanding subsection (c)(3),
 13 the shortfall amortization base for the first
 14 plan year to which the election under para-
 15 graph (1) applies shall be the funding
 16 shortfall of such plan for such plan year
 17 (determined using the interest rates as
 18 modified under subparagraph (A)).

19 “(C) DETERMINATION OF SHORTFALL AM-
 20 ORTIZATION INSTALLMENTS.—

21 “(i) 30-YEAR PERIOD.—Subpara-
 22 graphs (A) and (B) of subsection (c)(2)
 23 shall be applied by substituting ‘30-plan-
 24 year’ for ‘7-plan-year’ each place it ap-
 25 pears.

1 “(ii) NO SPECIAL ELECTION.—The
2 election under subparagraph (D) of sub-
3 section (c)(2) shall not apply to any plan
4 year to which the election under paragraph
5 (1) applies.

6 “(D) EXEMPTION FROM AT-RISK TREAT-
7 MENT.—Subsection (i) shall not apply.

8 “(4) COMMUNITY NEWSPAPER PLAN.—For pur-
9 poses of this subsection—

10 “(A) IN GENERAL.—The term ‘community
11 newspaper plan’ means a plan to which this sec-
12 tion applies maintained by an employer which,
13 as of December 31, 2017—

14 “(i) publishes and distributes daily, ei-
15 ther electronically or in printed form—

16 “(I) a community newspaper, or

17 “(II) 1 or more community news-
18 papers in the same State,

19 “(ii) is not a company the stock of
20 which is publicly traded (on a stock ex-
21 change or in an over-the-counter market),
22 and is not controlled, directly or indirectly,
23 by such a company,

24 “(iii) is controlled, directly or indi-
25 rectly—

1 “(I) by 1 or more persons resid-
2 ing primarily in the State in which
3 the community newspaper is pub-
4 lished,

5 “(II) for not less than 30 years
6 by individuals who are members of the
7 same family,

8 “(III) by a trust created or orga-
9 nized in the State in which the com-
10 munity newspaper is published, the
11 sole trustees of which are persons de-
12 scribed in subclause (I) or (II),

13 “(IV) by an entity which is de-
14 scribed in section 501(c)(3) of the In-
15 ternal Revenue Code of 1986 and ex-
16 empt from taxation under section
17 501(a) of such Code, which is orga-
18 nized and operated in the State in
19 which the community newspaper is
20 published, and the primary purpose of
21 which is to benefit communities in
22 such State, or

23 “(V) a combination of persons
24 described in subclause (I), (III), or
25 (IV), and

1 “(iv) does not control, directly or indi-
2 rectly, any newspaper in any other State.

3 “(B) COMMUNITY NEWSPAPER.—The term
4 ‘community newspaper’ means a newspaper
5 which primarily serves a metropolitan statistical
6 area, as determined by the Office of Manage-
7 ment and Budget, with a population of not less
8 than 100,000.

9 “(C) CONTROL.—A person shall be treated
10 as controlled by another person if such other
11 person possesses, directly or indirectly, the
12 power to direct or cause the direction and man-
13 agement of such person (including the power to
14 elect a majority of the members of the board of
15 directors of such person) through the ownership
16 of voting securities.

17 “(5) EFFECT ON PREMIUM RATE CALCULA-
18 TION.—Notwithstanding any other provision of law
19 or any regulation issued by the Pension Benefit
20 Guaranty Corporation, in the case of a community
21 newspaper plan which elects the application of the
22 alternative standards described in paragraph (3), the
23 additional premium under section 4006(a)(3)(E)
24 shall be determined as if such election had not been
25 made.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this subsection shall apply to plan years in effect on or
3 beginning after the date of the enactment of this Act.

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