

107TH CONGRESS
1ST SESSION

S. 1300

To amend the Internal Revenue Code of 1986 to encourage foundational and corporate charitable giving.

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2001

Mr. SANTORUM (for himself and Mr. LIEBERMAN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to encourage foundational and corporate charitable giving.

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 “Foundational and Cor-
5 porate Charitable Giving Incentives Act of 2001”.

6 **SEC. 2. REPEAL OF EXCISE TAX ON NET INVESTMENT IN-**
7 **COME OF TAX-EXEMPT FOUNDATIONS.**

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10 based on investment income) is repealed.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 4940 of the Internal Revenue Code
3 of 1986 is amended—

4 (A) by redesignating subsections (b), (c),
5 and (d) as subsections (a), (b), and (c), respec-
6 tively,

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

8 (C) in subsection (a), as redesignated by
9 paragraph (1), by striking “(A) the tax imposed
10 under subsection (a) (computed as if such sub-
11 section applied to such private foundation for
12 the taxable year),” and inserting “(A) an
13 amount equal to 2 percent of the net invest-
14 ment income of such foundation for the taxable
15 year,”.

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

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

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

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2001.

4 **SEC. 3. S CORPORATION CHARITABLE CONTRIBUTIONS IN-**
5 **CENTIVE.**

6 (a) STOCK BASIS ADJUSTMENT.—Paragraph (1) of
7 section 1367(a) of the Internal Revenue Code of 1986 (re-
8 lating to adjustments to basis of stock of shareholders,
9 etc.) is amended by striking “and” at the end of subpara-
10 graph (B), by striking the period at the end of subpara-
11 graph (C) and inserting “, and”, and by adding at the
12 end the following new subparagraph:

13 “(D) the excess of the deductions for char-
14 itable contributions over the basis of the prop-
15 erty contributed.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2001.

19 **SEC. 4. HIGHER LIMITATION ON CORPORATE CHARITABLE**
20 **CONTRIBUTIONS.**

21 (a) IN GENERAL.—Paragraph (2) of section 170(b)
22 of the Internal Revenue Code of 1986 (relating to percent-
23 age limitations) is amended by striking “10 percent” and
24 inserting “25 percent”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2001.

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