

Public Law 94-568
94th Congress

An Act

To amend the Internal Revenue Code of 1954 with respect to the tax treatment of social clubs and certain other membership organizations, to provide for a study of tax incentives for recycling, and for other purposes.

Oct. 20, 1976

[H.R. 1144]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 501(c)(7) of the Internal Revenue Code of 1954 (relating to exempt organizations) is amended to read as follows:

Taxes.
Exempt
organizations.
26 USC 501.

“(7) Clubs organized for pleasure, recreation, and other non-profitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder.”

(b) Section 512(a)(3)(A) of such Code (relating to unrelated business taxable income) is amended by adding at the end thereof the following new sentence: “For purposes of the preceding sentence, the deductions provided by sections 243, 244, and 245 (relating to dividends received by corporations) shall be treated as not directly connected with the production of gross income.”

26 USC 512.

26 USC 243,
244, 245.

(c) Section 277(a) of such Code (relating to deductions incurred by certain membership organizations in transactions with members) is amended by adding at the end thereof the following new sentence: “The deductions provided by sections 243, 244, and 245 (relating to dividends received by corporations) shall not be allowed to any organization to which this section applies for the taxable year.”

26 USC 277.

(d) The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

26 USC 501 note.

SEC. 2. (a) Section 501 of the Internal Revenue Code of 1954 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

26 USC 501.

“(g) PROHIBITION OF DISCRIMINATION BY CERTAIN SOCIAL CLUBS.—Notwithstanding subsection (a), an organization which is described in subsection (c)(7) shall not be exempt from taxation under subsection (a) for any taxable year if, at any time during such taxable year, the charter, bylaws, or other governing instrument, of such organization or any written policy statement of such organization contains a provision which provides for discrimination against any person on the basis of race, color, or religion.”

(b) The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

Effective date.
26 USC 501 note.

SEC. 3. (a) Paragraph (2) of section 301(g) of the Tax Reform Act of 1976 (relating to effective date for minimum tax provisions) is amended to read as follows:

26 USC 56 note.
Ante, p. 1549.

“(2) TAX CARRYOVER.

“(A) IN GENERAL.—Except as provided in subparagraph (B), the amount of any tax carryover under section 56(c) of the Internal Revenue Code of 1954 from a taxable year beginning before January 1, 1976, shall not be allowed as a tax carryover for any taxable year beginning after December 31, 1975.

26 USC 56.

26 USC 56.
26 USC 1371.
26 USC 524.

“(B) Except as provided by paragraph (4) and in section 56(e) of the Internal Revenue Code of 1954, in the case of a corporation which is not an electing small business corporation (as defined in section 1371(b) of such Code) or a personal holding company (as defined in section 524 of such Code), the amount of any tax carryover under section 56(c) of such Code from a taxable year beginning before July 1, 1976, shall not be allowed as a tax carryover for any taxable year beginning after June 30, 1976.”

Effective date.
26 USC 56 note.
Ante, p. 1520.
Study and investigation.
26 USC 7801 note.

(b) The amendments made by subsection (a) shall take effect on the date of the enactment of the Tax Reform Act of 1976.

SEC. 4. (a) The Secretary of the Treasury, in cooperation with the Administrator of the Environmental Protection Agency, shall make a thorough and complete study and investigation of all provisions of the Internal Revenue Code of 1954 which currently impede or discourage the recycling of solid waste materials, and shall determine what actions Congress may take under the internal revenue laws to increase and encourage the recycling of solid waste materials.

Report to President and Congress.

(b) The Secretary of the Treasury shall report his findings, together with specific legislative proposals and detailed revenue cost estimates, to the President and to the Congress at the earliest practicable date, but not later than six months after the date of the enactment of this Act.

Approved October 20, 1976.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 94-1353 (Comm. on Ways and Means).

SENATE REPORT No. 94-1318 (Comm. on Finance).

CONGRESSIONAL RECORD, Vol. 122 (1976):

Aug. 24, considered and passed House.

Oct. 1, considered and passed Senate, amended; House agreed to Senate amendment.