111TH CONGRESS
1ST SESSION

S.

To allow certain newspapers to be treated as described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code.

IN THE SENATE OF THE UNITED STATES

Mr. CARDIN introduced the following bill; which was read twice and referred to the Committee on

A BILL

To allow certain newspapers to be treated as described in section 501(e)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code.

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. TREATMENT OF CERTAIN NEWSPAPERS AS EX-
4 EMPT FROM TAX UNDER SECTION 501.
5 (a) In General.—Paragraph (3) of section 501(e) of the Internal Revenue Code of 1986 is amended by insert-
6 ing “(including a qualified newspaper corporation)” after “educational purposes”.

(b) Qualified Newspaper Corporation.—Section 501 of the Internal Revenue Code of 1986 is amended—
(1) by redesignating subsection (r) as subsection (s), and
(2) by inserting after subsection (q) the following new subsection:

“(r) Qualified Newspaper Corporation.—For purposes of this title, a corporation or organization shall be treated as a qualified newspaper corporation if—

“(1) the trade or business of such corporation or organization consists of publishing on a regular basis a newspaper for general circulation,

“(2) the newspaper published by such corporation or organization contains local, national, and international news stories of interest to the general public and the distribution of such newspaper is necessary or valuable in achieving an educational purpose, and

“(3) the preparation of the material contained in such newspaper follows methods generally accepted as educational in character.”.

(c) Unrelated Business Income of a Qualified Newspaper Corporation.—Section 513 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:
“(k) ADVERTISING INCOME OF QUALIFIED NEWSPAPER CORPORATIONS.—The term ‘unrelated trade or business’ does not include the sale by a qualified newspaper corporation (as defined in section 501(r)) of any space for commercial advertisement to be published in a newspaper, to the extent that the space allotted to all such advertisements in such newspaper does not exceed the space allotted to fulfilling the educational purpose of such qualified newspaper corporation.”.

(d) DEDUCTION FOR CHARITABLE CONTRIBUTIONS.—Subparagraph (B) of section 170(c) of the Internal Revenue Code of 1986 is amended by inserting “(including a qualified newspaper corporation as defined in section 501(r))” after “educational purposes”.

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