

1 IN THE SENATE

BY GROH

2 SENATE BILL NO. 193

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to nonprofit corporations with
7 respect to the federal Tax Reform Act of 1969."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 10.20 is amended by adding a new section to read:

10 Sec. 10.20.153. PROVISIONS CONSIDERED TO BE IN ARTICLES OF
11 INCORPORATION BY OPERATION OF LAW. (a) The articles of incorporation
12 of every nonprofit corporation which is a private foundation, as
13 defined in sec. 509 of the Internal Revenue Code of 1954, are considered
14 to contain provisions prohibiting the corporation from

15 (1) engaging in an act of self-dealing, as defined in sec.
16 4941(d) of the Internal Revenue Code of 1954, which would give rise to
17 liability for the tax imposed by sec. 4941(a) of the Internal Revenue
18 Code of 1954;

19 (2) retaining excess business holdings, as defined in sec.
20 4943(c) of the Internal Revenue Code of 1954, which would give rise to
21 liability for the tax imposed by sec. 4943(a) of the Internal Revenue
22 Code of 1954;

23 (3) making an investment which would jeopardize the carrying
24 out of any of its exempt purposes, within the meaning of sec. 4944 of
25 the Internal Revenue Code of 1954, so as to give rise to liability for
26 the tax imposed by sec. 4944(a) of the Internal Revenue Code of 1954;
27 and

28 (4) making taxable expenditures, as defined in sec. 4945(d)
29 of the Internal Revenue Code of 1954, which would give rise to liability

1 for the tax imposed by sec. 4945(a) of the Internal Revenue Code of
2 1954.

3 (b) The articles of incorporation of every nonprofit corporation
4 which is a private foundation, as defined in sec. 509 of the Internal
5 Revenue Code of 1954, are considered to contain a provision requiring
6 the corporation to distribute, for the purposes specified in its
7 articles of incorporation, for each taxable year, amounts at least
8 sufficient to avoid liability for the tax imposed by sec. 4942(a) of
9 the Internal Revenue Code of 1954.

10 (c) A nonprofit corporation may at any time amend its articles of
11 incorporation or other instrument governing the corporation, by any
12 amendment process open to it under the laws of Alaska, to provide that
13 some or all provisions of (a) and (b) of this section do not apply to
14 the corporation. A nonprofit corporation formed after the effective
15 date of this Act may provide in its articles of incorporation that
16 some or all provisions of (a) and (b) of this section do not apply to
17 the corporation.

18 (d) In this section, references to provisions of the Internal
19 Revenue Code of 1954 include future amendments to those provisions.
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