

112TH CONGRESS  
1ST SESSION

# S. 59

To treat certain hospital support organizations as qualified organizations for purposes of determining acquisition indebtedness.

---

## IN THE SENATE OF THE UNITED STATES

JANUARY 25 (legislative day, JANUARY 5), 2011

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

---

## A BILL

To treat certain hospital support organizations as qualified organizations for purposes of determining acquisition indebtedness.

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 HOSPITAL SUPPORT**  
4 **ORGANIZATIONS AS QUALIFIED ORGANIZA-**  
5 **TIONS FOR PURPOSES OF DETERMINING AC-**  
6 **QUISITION INDEBTEDNESS.**

7 (a) IN GENERAL.—Subparagraph (C) of section  
8 514(c)(9) of the Internal Revenue Code of 1986 (relating  
9 to real property acquired by a qualified organization) is  
10 amended by striking “or” at the end of clause (iii), by

1 striking the period at the end of clause (iv) and inserting  
 2 “; or”, and by adding at the end the following new clause:

3 “(v) a qualified hospital support orga-  
 4 nization (as defined in subparagraph  
 5 (I)).”.

6 (b) QUALIFIED HOSPITAL SUPPORT ORGANIZA-  
 7 TIONS.—Paragraph (9) of section 514(c) of the Internal  
 8 Revenue Code of 1986 is amended by adding at the end  
 9 the following new subparagraph:

10 “(I) QUALIFIED HOSPITAL SUPPORT ORGA-  
 11 NIZATIONS.—For purposes of subparagraph  
 12 (C)(iv), the term ‘qualified hospital support or-  
 13 ganization’ means, with respect to any eligible  
 14 indebtedness (including any qualified refi-  
 15 nancing of such eligible indebtedness), a sup-  
 16 port organization (as defined in section  
 17 509(a)(3)) which supports a hospital described  
 18 in section 119(d)(4)(B) and with respect to  
 19 which—

20 “(i) more than half of its assets (by  
 21 value) at any time since its organization—

22 “(I) were acquired, directly or in-  
 23 directly, by testamentary gift or de-  
 24 vise, and

1                   “(II) consisted of real property,  
2                   and

3                   “(ii) the fair market value of the or-  
4                   ganization’s real estate acquired, directly  
5                   or indirectly, by gift or devise, exceeded 25  
6                   percent of the fair market value of all in-  
7                   vestment assets held by the organization  
8                   immediately prior to the time that the eli-  
9                   gible indebtedness was incurred.

10                   For purposes of this subparagraph, the term  
11                   ‘eligible indebtedness’ means indebtedness se-  
12                   cured by real property acquired by the organi-  
13                   zation, directly or indirectly, by gift or devise,  
14                   the proceeds of which are used exclusively to ac-  
15                   quire any leasehold interest in such real prop-  
16                   erty or for improvements on, or repairs to, such  
17                   real property. A determination under clauses (i)  
18                   and (ii) of this subparagraph shall be made  
19                   each time such an eligible indebtedness (or the  
20                   qualified refinancing of such an eligible indebt-  
21                   edness) is incurred. For purposes of this sub-  
22                   paragraph, a refinancing of such an eligible in-  
23                   debtedness shall be considered qualified if such  
24                   refinancing does not exceed the amount of the

1           refinanced eligible indebtedness immediately be-  
2           fore the refinancing.”.

3           (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to indebtedness incurred on or  
5 after the date of the enactment of this Act.

○