

108TH CONGRESS
1ST SESSION

S. 97

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

IN THE SENATE OF THE UNITED STATES

JANUARY 7, 2003

Mr. INOUYE 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 in-
debtedness.

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 (ii), by

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

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—

For purposes of this subparagraph, the term 'eligible indebtedness' means indebtedness secured by real property acquired by the organization, directly or indirectly, by gift or devise, the proceeds of which are used exclusively to acquire any leasehold interest in such real property or for improvements on, or repairs to, such real property. A determination under clauses (i) and (ii) of this subparagraph shall be made each time such an eligible indebtedness (or the qualified refinancing of such an eligible indebtedness) is incurred. For purposes of this subparagraph, a refinancing of such an eligible indebtedness shall be considered qualified if such 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 after De-
5 cember 31, 2003.

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