

§939. Prohibitions and requirements applicable to corporations which are private foundations

1. Prohibitions. No corporation which is a "private foundation" as defined in section 509 (a) of the Internal Revenue Code of 1954, shall:

A. Engage in any act of "self-dealing," as defined in section 4941 (d) of the Internal Revenue Code of 1954, which would give rise to any liability for the tax imposed by section 4941 (a) of the Internal Revenue Code of 1954; [PL 1971, c. 622, §52 (NEW).]

B. Retain any "excess business holdings," as defined in section 4943 (c) of the Internal Revenue Code of 1954, which would give rise to any liability for the tax imposed by section 4943 (a) of the Internal Revenue Code of 1954; [PL 1971, c. 622, §52 (NEW).]

C. Make any investment which would jeopardize the carrying out of any of its exempt purposes, within the meaning of section 4944 of the Internal Revenue Code of 1954, so as to give rise to any liability for the tax imposed by section 4944 (a) of the Internal Revenue Code of 1954; and [PL 1971, c. 622, §52 (NEW).]

D. Make any "taxable expenditures," as defined in section 4945 (d) of the Internal Revenue Code of 1954, which would give rise to any liability for the tax imposed by section 4945 (a) of the Internal Revenue Code of 1954. [PL 1977, c. 622, §52 (NEW).]

[PL 1971, c. 622, §52 (NEW).]

2. Requirements. Each corporation which is a "private foundation" as defined in section 509 of the Internal Revenue Code of 1954 shall distribute, for the purposes specified in its certificate of incorporation, for each taxable year, amounts at least sufficient to avoid liability for the tax imposed by section 4942 (a) of the Internal Revenue Code of 1954.

[PL 1971, c. 622, §52 (NEW).]

3. Application. Subsections 1 and 2 shall not apply to any corporation to the extent that a court of competent jurisdiction shall determine that such application would be contrary to the terms of the certificate of incorporation or other instrument governing such corporation or governing the administration of charitable funds held by it and that the same may not properly be changed to conform to such subsections.

[PL 1971, c. 622, §52 (NEW).]

4. Impairment. Nothing in this section shall impair the rights and powers of the courts or the Attorney General of this State with respect to any corporation.

[PL 1971, c. 622, §52 (NEW).]

5. References. All references to sections of the Internal Revenue Code of 1954 shall include future amendments to such sections and corresponding provisions of future internal revenue laws.

[PL 1971, c. 622, §52 (NEW).]

SECTION HISTORY

PL 1971, c. 622, §52 (NEW).

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