

103^D CONGRESS
1ST SESSION

H. R. 614

To amend the Internal Revenue Code of 1986 to clarify the treatment of certain amounts received by a cooperative telephone company indirectly from its members.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 1993

Mr. KOPETSKI (for himself, Mr. GRANDY, Mr. RICHARDSON, Ms. LONG, and Mr. SLATTERY) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to clarify the treatment of certain amounts received by a cooperative telephone company indirectly from its members.

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 AMOUNTS RECEIVED**

4 **BY A COOPERATIVE TELEPHONE COMPANY.**

5 (a) IN GENERAL.—Paragraph (12) of section 501(c)
6 of the Internal Revenue Code of 1986 (relating to list of
7 exempt organizations) is amended by adding at the end
8 thereof the following new subparagraph:

1 “(E) In the case of a mutual or coopera-
2 tive telephone company (hereafter in this sub-
3 paragraph referred to as the ‘cooperative’), 50
4 percent of the income received or accrued di-
5 rectly or indirectly from a nonmember telephone
6 company for the performance of communication
7 services by the cooperative shall be treated for
8 purposes of subparagraph (A) as collected from
9 members of the cooperative for the sole purpose
10 of meeting the losses and expenses of the coop-
11 erative.”

12 (b) CERTAIN BILLING AND COLLECTION SERVICE
13 FEES NOT TAKEN INTO ACCOUNT.—Subparagraph (B)
14 of section 501(c)(12) of such Code is amended by striking
15 “or” at the end of clause (iii), by striking the period at
16 the end of clause (iv) and inserting “, or”, and by adding
17 at the end thereof the following new clause:

18 “(v) from billing and collection serv-
19 ices performed for a nonmember telephone
20 company.”.

21 (c) CONFORMING AMENDMENT.—Clause (i) of sec-
22 tion 501(c)(12)(B) of such Code is amended by inserting
23 before the comma at the end thereof “, other than income
24 described in subparagraph (E)”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to amounts received or accrued
3 after December 31, 1992.

4 (e) NO INFERENCE AS TO UNRELATED BUSINESS IN-
5 COME TREATMENT OF BILLING AND COLLECTION SERV-
6 ICE FEES.—Nothing in the amendments made by this sec-
7 tion shall be construed to indicate the proper treatment
8 of billing and collection service fees under part III of sub-
9 chapter F of chapter 1 of the Internal Revenue Code of
10 1986 (relating to taxation of business income of certain
11 exempt organizations).

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