II

117TH CONGRESS
2D SESSION

S. 5228

To treat activities related to fisheries in the Bering Sea and Aleutian Islands areas as related to an exempt purpose for purposes of the Internal Revenue Code of 1986.

IN THE SENATE OF THE UNITED STATES

DECEMBER 8, 2022

Ms. MURKOWSKI (for herself and Mr. SULLIVAN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To treat activities related to fisheries in the Bering Sea and Aleutian Islands areas as related to an exempt purpose for purposes of the Internal Revenue Code of 1986.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. NONPROFIT COMMUNITY DEVELOPMENT ACTIVITIES IN REMOTE NATIVE VILLAGES.

(a) IN GENERAL.—For purposes of subchapter F of chapter 1 of the Internal Revenue Code of 1986, any activity substantially related to participation and investment in fisheries in the Bering Sea and Aleutian Islands statistical and reporting areas (as described in Figure 1 of section 679 of title 50, Code of Federal Regulations) carried on by an entity identified in section 305(i)(1)(D) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1855(i)(1)(D)) (as in effect on the date of enactment of this section) shall be considered substantially related to the exercise or performance of the purpose constituting the basis of such entity's exemption under section 501(a) of such Code if the conduct of such activity is in furtherance of 1 or more of the purposes specified in section 305(i)(1)(A) of such Act. For purposes of this paragraph, activities substantially related to participation or investment in fisheries include the harvesting, processing, transportation, sales, and marketing of fish and fish products of the Bering Sea and Aleutian Islands statistical and reporting areas.

(b) APPLICATION TO CERTAIN WHOLLY OWNED SUBSIDIARIES.—If the assets of a trade or business relating to an activity described in subsection (a) of any subsidiary wholly owned by an entity identified in section 305(i)(1)(D) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1855(i)(1)(D)) are transferred to such entity (including in liquidation of such subsidiary) not later than 18 months after the date of the enactment of this Act—

(1) no gain or income resulting from such transfer shall be recognized to either such subsidiary or such entity under such Code, and

(2) all income derived from such subsidiary from such transferred trade or business shall be exempt from taxation under such Code.

(c) EFFECTIVE DATE.—This section shall be effective during the existence of the western Alaska community development quota program established by Section 305(i)(1) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1855(i)(1)), as amended.

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