

105TH CONGRESS  
1ST SESSION

# H. R. 2928

To amend the Internal Revenue Code of 1986 to deny the exemption from income tax for social clubs found to be practicing prohibited discrimination.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 1997

Mr. TOWNS introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to deny the exemption from income tax for social clubs found to be practicing prohibited discrimination.

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. DENIAL OF EXEMPTION FROM TAX FOR SOCIAL**  
4 **CLUBS PRACTICING PROHIBITED DISCRIMI-**  
5 **NATION.**

6 (a) IN GENERAL.—Subsection (i) of section 501 of  
7 the Internal Revenue Code of 1986 (relating to prohibition  
8 of discrimination by certain social clubs) is amended—

9 (1) by inserting before the period at the end of  
10 the first sentence “, or if, at any time during the

1 taxable year or a prior taxable year, a determination  
2 by an appropriate government agency or court that  
3 such organization has a pattern or practice of so dis-  
4 criminating against any person became final”, and

5 (2) by adding at the end the following new sen-  
6 tence:

7 “A final determination shall cease to be taken into account  
8 under the first sentence after the date it is established  
9 to the satisfaction of the Secretary that the organization  
10 no longer engages in discrimination of the type involved  
11 in such determination.”

12 (b) EFFECTIVE DATE.—The amendment made by  
13 this section shall apply to taxable years beginning after  
14 the date of the enactment of this Act.

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