

115TH CONGRESS  
2D SESSION

# H. R. 6377

To amend the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974 to provide alternative minimum funding rules for certain single-employer plans maintained by a community newspaper.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 16, 2018

Mr. PAULSEN (for himself, Mr. REICHERT, Ms. DELBENE, and Mr. PEARCE) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974 to provide alternative minimum funding rules for certain single-employer plans maintained by a community newspaper.

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. SHORT TITLE.**

4 This Act may be cited as the “Save Community  
5 Newspaper Act of 2018”.

1 **SEC. 2. SPECIAL RULES FOR MINIMUM FUNDING STAND-**  
2 **ARDS FOR COMMUNITY NEWSPAPER PLANS.**

3 (a) AMENDMENT TO INTERNAL REVENUE CODE OF  
4 1986.—Section 430 of the Internal Revenue Code of 1986  
5 is amended by adding at the end the following new sub-  
6 section:

7 “(m) SPECIAL RULES FOR COMMUNITY NEWSPAPER  
8 PLANS.—

9 “(1) IN GENERAL.—The plan sponsor of a com-  
10 munity newspaper plan under which no participant  
11 has had the participant’s accrued benefit increased  
12 (whether because of service or compensation) after  
13 December 31, 2017, may elect to have the alter-  
14 native standards described in paragraph (3) apply to  
15 such plan, and any plan sponsored by any member  
16 of the same controlled group, for purposes of this  
17 section for plan years beginning with any plan year  
18 in effect on or beginning after the date of the enact-  
19 ment of this subsection.

20 “(2) ELECTION.—An election under paragraph  
21 (1) shall be made at such time and in such manner  
22 as prescribed by the Secretary. Such election, once  
23 made with respect to a plan year, shall apply to all  
24 subsequent plan years unless revoked with the con-  
25 sent of the Secretary.

1           “(3) ALTERNATIVE MINIMUM FUNDING STAND-  
2           ARDS.—The alternative standards described in this  
3           paragraph are the following:

4                   “(A) INTEREST RATES.—

5                           “(i) IN GENERAL.—Notwithstanding  
6                           subsection (h)(2)(C) and except as pro-  
7                           vided in clause (ii), the first, second, and  
8                           third segment rates in effect for any  
9                           month for purposes of this section shall be  
10                          8 percent.

11                          “(ii) NEW BENEFIT ACCRUALS.—Not-  
12                          withstanding subsection (h)(2), for pur-  
13                          poses of determining the funding target  
14                          and normal cost of a plan for any plan  
15                          year, the present value of any benefits ac-  
16                          crued or earned under the plan for a plan  
17                          year with respect to which an election  
18                          under paragraph (1) is in effect shall be  
19                          determined on the basis of the U.S. Treas-  
20                          ury obligation yield curve for the day that  
21                          is the valuation date of such plan for such  
22                          plan year.

23                          “(iii) U.S. TREASURY OBLIGATION  
24                          YIELD CURVE.—For purposes of this sub-  
25                          section, the term ‘U.S. Treasury obligation

1 yield curve’ means, with respect to any  
2 day, a yield curve which shall be prescribed  
3 by the Secretary for such day on interest-  
4 bearing obligations of the United States.

5 “(B) SHORTFALL AMORTIZATION BASE.—

6 “(i) PREVIOUS SHORTFALL AMORTIZA-  
7 TION BASES.—The shortfall amortization  
8 bases determined under subsection (c)(3)  
9 for all plan years preceding the first plan  
10 year to which the election under paragraph  
11 (1) applies (and all shortfall amortization  
12 installments determined with respect to  
13 such bases) shall be reduced to zero under  
14 rules similar to the rules of subsection  
15 (c)(6).

16 “(ii) NEW SHORTFALL AMORTIZATION  
17 BASE.—Notwithstanding subsection (c)(3),  
18 the shortfall amortization base for the first  
19 plan year to which the election under para-  
20 graph (1) applies shall be the funding  
21 shortfall of such plan for such plan year  
22 (determined using the interest rates as  
23 modified under subparagraph (A)).

24 “(C) DETERMINATION OF SHORTFALL AM-  
25 ORTIZATION INSTALLMENTS.—

1           “(i) 30-YEAR PERIOD.—Subpara-  
2           graphs (A) and (B) of subsection (c)(2)  
3           shall be applied by substituting ‘30-plan-  
4           year’ for ‘7-plan-year’ each place it ap-  
5           pears.

6           “(ii) NO SPECIAL ELECTION.—The  
7           election under subparagraph (D) of sub-  
8           section (c)(2) shall not apply to any plan  
9           year to which the election under paragraph  
10          (1) applies.

11          “(D) EXEMPTION FROM AT-RISK TREAT-  
12          MENT.—Subsection (i) shall not apply.

13          “(4) COMMUNITY NEWSPAPER PLAN.—For pur-  
14          poses of this subsection—

15               “(A) IN GENERAL.—The term ‘community  
16               newspaper plan’ means a plan to which this sec-  
17               tion applies maintained by an employer which,  
18               as of December 31, 2017—

19                       “(i) publishes and distributes daily, ei-  
20                       ther electronically or in printed form, 1 or  
21                       more community newspapers in a single  
22                       State,

23                       “(ii) is not a company the stock of  
24                       which is publicly traded (on a stock ex-  
25                       change or in an over-the-counter market),

1 and is not controlled, directly or indirectly,  
2 by such a company,

3 “(iii) is controlled, directly or indi-  
4 rectly—

5 “(I) by 1 or more persons resid-  
6 ing primarily in the State in which  
7 the community newspaper is pub-  
8 lished,

9 “(II) for not less than 30 years  
10 by individuals who are members of the  
11 same family,

12 “(III) by a trust created or orga-  
13 nized in the State in which the com-  
14 munity newspaper is published, the  
15 sole trustees of which are persons de-  
16 scribed in subclause (I) or (II),

17 “(IV) by an entity which is de-  
18 scribed in section 501(c)(3) and ex-  
19 empt from taxation under section  
20 501(a), which is organized and oper-  
21 ated in the State in which the commu-  
22 nity newspaper is published, and the  
23 primary purpose of which is to benefit  
24 communities in such State, or

1                   “(V) a combination of persons  
2                   described in subclause (I), (III), or  
3                   (IV), and

4                   “(iv) does not control, directly or indi-  
5                   rectly, any newspaper in any other State.

6                   “(B) COMMUNITY NEWSPAPER.—The term  
7                   ‘community newspaper’ means a newspaper  
8                   which primarily serves a metropolitan statistical  
9                   area, as determined by the Office of Manage-  
10                  ment and Budget, with a population of not less  
11                  than 100,000.

12                  “(C) CONTROL.—A person shall be treated  
13                  as controlled by another person if such other  
14                  person possesses, directly or indirectly, the  
15                  power to direct or cause the direction and man-  
16                  agement of such person (including the power to  
17                  elect a majority of the members of the board of  
18                  directors of such person) through the ownership  
19                  of voting securities.”.

20                  (b) AMENDMENT TO EMPLOYEE RETIREMENT IN-  
21                  COME SECURITY ACT OF 1974.—Section 303 of the Em-  
22                  ployee Retirement Income Security Act of 1974 (29  
23                  U.S.C. 1083) is amended by adding at the end the fol-  
24                  lowing new subsection:

1       “(m) SPECIAL RULES FOR COMMUNITY NEWSPAPER  
2 PLANS.—

3           “(1) IN GENERAL.—The plan sponsor of a com-  
4 munity newspaper plan under which no participant  
5 has had the participant’s accrued benefit increased  
6 (whether because of service or compensation) after  
7 December 31, 2017, may elect to have the alter-  
8 native standards described in paragraph (3) apply to  
9 such plan, and any plan sponsored by any member  
10 of the same controlled group, for purposes of this  
11 section for plan years beginning with any plan year  
12 in effect on or beginning after the date of the enact-  
13 ment of this subsection.

14           “(2) ELECTION.—An election under paragraph  
15 (1) shall be made at such time and in such manner  
16 as prescribed by the Secretary of the Treasury. Such  
17 election, once made with respect to a plan year, shall  
18 apply to all subsequent plan years unless revoked  
19 with the consent of the Secretary of the Treasury.

20           “(3) ALTERNATIVE MINIMUM FUNDING STAND-  
21 ARDS.—The alternative standards described in this  
22 paragraph are the following:

23           “(A) INTEREST RATES.—

24           “(i) IN GENERAL.—Notwithstanding  
25 subsection (h)(2)(C) and except as pro-



1           vided in clause (ii), the first, second, and  
2           third segment rates in effect for any  
3           month for purposes of this section shall be  
4           8 percent.

5           “(ii) NEW BENEFIT ACCRUALS.—Not-  
6           withstanding subsection (h)(2), for pur-  
7           poses of determining the funding target  
8           and normal cost of a plan for any plan  
9           year, the present value of any benefits ac-  
10          crued or earned under the plan for a plan  
11          year with respect to which an election  
12          under paragraph (1) is in effect shall be  
13          determined on the basis of the U.S. Treas-  
14          ury obligation yield curve for the day that  
15          is the valuation date of such plan for such  
16          plan year.

17          “(iii) U.S. TREASURY OBLIGATION  
18          YIELD CURVE.—For purposes of this sub-  
19          section, the term ‘U.S. Treasury obligation  
20          yield curve’ means, with respect to any  
21          day, a yield curve which shall be prescribed  
22          by the Secretary for such day on interest-  
23          bearing obligations of the United States.

24          “(B) SHORTFALL AMORTIZATION BASE.—

1           “(i) PREVIOUS SHORTFALL AMORTIZA-  
2           TION BASES.—The shortfall amortization  
3           bases determined under subsection (c)(3)  
4           for all plan years preceding the first plan  
5           year to which the election under paragraph  
6           (1) applies (and all shortfall amortization  
7           installments determined with respect to  
8           such bases) shall be reduced to zero under  
9           rules similar to the rules of subsection  
10          (c)(6).

11          “(ii) NEW SHORTFALL AMORTIZATION  
12          BASE.—Notwithstanding subsection (c)(3),  
13          the shortfall amortization base for the first  
14          plan year to which the election under para-  
15          graph (1) applies shall be the funding  
16          shortfall of such plan for such plan year  
17          (determined using the interest rates as  
18          modified under subparagraph (A)).

19          “(C) DETERMINATION OF SHORTFALL AM-  
20          ORTIZATION INSTALLMENTS.—

21                 “(i) 30-YEAR PERIOD.—Subpara-  
22                 graphs (A) and (B) of subsection (c)(2)  
23                 shall be applied by substituting ‘30-plan-  
24                 year’ for ‘7-plan-year’ each place it ap-  
25                 pears.

1           “(ii) NO SPECIAL ELECTION.—The  
2           election under subparagraph (D) of sub-  
3           section (c)(2) shall not apply to any plan  
4           year to which the election under paragraph  
5           (1) applies.

6           “(D) EXEMPTION FROM AT-RISK TREAT-  
7           MENT.—Subsection (i) shall not apply.

8           “(4) COMMUNITY NEWSPAPER PLAN.—For pur-  
9           poses of this subsection—

10           “(A) IN GENERAL.—The term ‘community  
11           newspaper plan’ means a plan to which this sec-  
12           tion applies maintained by an employer which,  
13           as of December 31, 2017—

14           “(i) publishes and distributes daily, ei-  
15           ther electronically or in printed form—

16           “(I) a community newspaper, or

17           “(II) 1 or more community news-  
18           papers in the same State,

19           “(ii) is not a company the stock of  
20           which is publicly traded (on a stock ex-  
21           change or in an over-the-counter market),  
22           and is not controlled, directly or indirectly,  
23           by such a company,

24           “(iii) is controlled, directly or indi-  
25           rectly—

1           “(I) by 1 or more persons resid-  
2           ing primarily in the State in which  
3           the community newspaper is pub-  
4           lished,

5           “(II) for not less than 30 years  
6           by individuals who are members of the  
7           same family,

8           “(III) by a trust created or orga-  
9           nized in the State in which the com-  
10          munity newspaper is published, the  
11          sole trustees of which are persons de-  
12          scribed in subclause (I) or (II),

13          “(IV) by an entity which is de-  
14          scribed in section 501(c)(3) of the In-  
15          ternal Revenue Code of 1986 and ex-  
16          empt from taxation under section  
17          501(a) of such Code, which is orga-  
18          nized and operated in the State in  
19          which the community newspaper is  
20          published, and the primary purpose of  
21          which is to benefit communities in  
22          such State, or

23          “(V) a combination of persons  
24          described in subclause (I), (III), or  
25          (IV), and

1                   “(iv) does not control, directly or indi-  
2                   rectly, any newspaper in any other State.

3                   “(B) COMMUNITY NEWSPAPER.—The term  
4                   ‘community newspaper’ means a newspaper  
5                   which primarily serves a metropolitan statistical  
6                   area, as determined by the Office of Manage-  
7                   ment and Budget, with a population of not less  
8                   than 100,000.

9                   “(C) CONTROL.—A person shall be treated  
10                  as controlled by another person if such other  
11                  person possesses, directly or indirectly, the  
12                  power to direct or cause the direction and man-  
13                  agement of such person (including the power to  
14                  elect a majority of the members of the board of  
15                  directors of such person) through the ownership  
16                  of voting securities.

17                  “(5) EFFECT ON PREMIUM RATE CALCULA-  
18                  TION.—Notwithstanding any other provision of law  
19                  or any regulation issued by the Pension Benefit  
20                  Guaranty Corporation, in the case of a community  
21                  newspaper plan which elects the application of the  
22                  alternative standards described in paragraph (3), the  
23                  additional premium under section 4006(a)(3)(E)  
24                  shall be determined as if such election had not been  
25                  made.”.

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this subsection shall apply to plan years in effect on or  
3 beginning after the date of the enactment of this Act.

○