§7-101. Prohibitions and requirements applicable to trusts that are private foundations

1. Prohibited acts. In the administration of any trust that is a private foundation, as defined in Section 509 of the Internal Revenue Code of 1986, a charitable trust, as defined in Section 4947(a)(1) of the Internal Revenue Code of 1986, or a split-interest trust, as defined in Section 4947(a)(2) of the Internal Revenue Code of 1986, the following acts are prohibited:

A. Engaging in any act of self-dealing, as defined in Section 4941(d) of the Internal Revenue Code of 1986, that would give rise to any liability for the tax imposed by Section 4941(a) of the Internal Revenue Code of 1986; [PL 2017, c. 402, Pt. A, §2 (NEW); PL 2019, c. 417, Pt. B, §14 (AFF).]

B. Retaining any excess business holdings, as defined in Section 4943(c) of the Internal Revenue Code of 1986, that would give rise to any liability for the tax imposed by Section 4943(a) of the Internal Revenue Code of 1986; [PL 2017, c. 402, Pt. A, §2 (NEW); PL 2019, c. 417, Pt. B, §14 (AFF).]

C. Making any investments that would jeopardize the carrying out of any of the exempt purposes of the trust, within the meaning of Section 4944 of the Internal Revenue Code of 1986, so as to give rise to any liability for the tax imposed by Section 4944(a) of the Internal Revenue Code of 1986; and [PL 2017, c. 402, Pt. A, §2 (NEW); PL 2019, c. 417, Pt. B, §14 (AFF).]

D. Making any taxable expenditures, as defined in Section 4945(d) of the Internal Revenue Code of 1986, that would give rise to any liability for the tax imposed by Section 4945(a) of the Internal Revenue Code of 1986. [PL 2017, c. 402, Pt. A, §2 (NEW); PL 2019, c. 417, Pt. B, §14 (AFF).]

This section does not apply to split-interest trusts or to amounts of split-interest trusts that are not subject to the prohibitions applicable to private foundations by reason of the provisions of Section 4947 of the Internal Revenue Code of 1986.
[PL 2017, c. 402, Pt. A, §2 (NEW); PL 2019, c. 417, Pt. B, §14 (AFF).]

2. Required distributions. In the administration of any trust that is a private foundation or a charitable trust, there must be distributed, for the purposes specified in the trust instrument, 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 1986.
[PL 2017, c. 402, Pt. A, §2 (NEW); PL 2019, c. 417, Pt. B, §14 (AFF).]

3. Exception, contrary to terms of trust. Subsections 1 and 2 do not apply to any trust to the extent that a court of competent jurisdiction determines that the application would be contrary to the terms of the instrument governing the trust and that the trust instrument may not properly be changed to conform to subsections 1 and 2.
[PL 2017, c. 402, Pt. A, §2 (NEW); PL 2019, c. 417, Pt. B, §14 (AFF).]

4. Attorney General's powers. Nothing in this section impairs the rights and powers of the courts or the Attorney General of this State with respect to any trust.
[PL 2017, c. 402, Pt. A, §2 (NEW); PL 2019, c. 417, Pt. B, §14 (AFF).]

5. Internal Revenue Code. All references to sections of the Internal Revenue Code of 1986 are deemed to include future amendments to the referenced sections and corresponding provisions of future internal revenue laws.
[PL 2017, c. 402, Pt. A, §2 (NEW); PL 2019, c. 417, Pt. B, §14 (AFF).]

SECTION HISTORY

PL 2017, c. 402, Pt. A, §2 (NEW). PL 2017, c. 402, Pt. F, §1 (AFF). PL 2019, c. 417, Pt. B, §14 (AFF).