

106TH CONGRESS
1ST SESSION

H. R. 3197

To amend the Internal Revenue Code of 1986 to prevent the abuse of the enhanced charitable deduction for contributions of drugs.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 2, 1999

Mr. DOGGETT (for himself, Mr. STARK, Mr. MATSUI, Mr. COYNE, Mr. LEVIN, Mr. McDERMOTT, Mr. NEAL of Massachusetts, Mr. BECERRA, Mrs. THURMAN, Mr. WAXMAN, Mr. BROWN of Ohio, Mr. ALLEN, Mr. FRANK of Massachusetts, Mr. ACKERMAN, Mr. BARRETT of Wisconsin, Mr. BENTSEN, Mr. BERRY, Mr. BISHOP, Mrs. CAPPS, Mr. CAPUANO, Mr. CUMMINGS, Ms. DEGETTE, Mr. EDWARDS, Mr. EVANS, Mr. FILNER, Mr. FORD, Mr. GONZALEZ, Mr. GREEN of Texas, Mr. HINCHEY, Ms. HOOLEY of Oregon, Ms. JACKSON-LEE of Texas, Ms. KILPATRICK, Mr. KIND, Mr. KUCINICH, Mr. LAMPSON, Mr. LANTOS, Mr. MARKEY, Mr. MCGOVERN, Ms. MCKINNEY, Mrs. MEEK of Florida, Mr. MENENDEZ, Mr. GEORGE MILLER of California, Mr. OLVER, Ms. PELOSI, Ms. RIVERS, Mr. RODRIGUEZ, Mr. SANDERS, Mr. SANDLIN, Ms. SCHAKOWSKY, Mr. SERRANO, Ms. SLAUGHTER, Mr. STRICKLAND, Mr. TIERNEY, Mrs. JONES of Ohio, Mr. VENTO, and Ms. WOOLSEY) 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 prevent the abuse of the enhanced charitable deduction for contributions of drugs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. MODIFICATION OF ENHANCED DEDUCTION**
2 **FOR CHARITABLE CONTRIBUTIONS OF**
3 **DRUGS.**

4 (a) IN GENERAL.—Paragraph (3) of section 170(e)
5 of the Internal Revenue Code of 1986 (relating to special
6 rule for certain contributions of inventory and other prop-
7 erty) is amended by redesignating subparagraph (C) as
8 subparagraph (D) and by inserting after subparagraph
9 (B) the following new subparagraph:

10 “(C) SPECIAL RULES RELATING TO CON-
11 TRIBUTIONS OF DRUGS.—

12 “(i) IN GENERAL.—In any case in
13 which the property referred to in subpara-
14 graph (A) is a drug to be administered
15 outside the United States, subparagraph
16 (A) shall apply only if—

17 “(I) the period during which such
18 drug is considered to be safe and ef-
19 fective under the regulations referred
20 to in subparagraph (A)(iv) does not
21 expire before the date which is 1 year
22 after the date of such transfer,

23 “(II) the representations in the
24 statement referred to in subparagraph
25 (A)(iii) include a representation by
26 the donee that the donee has received

1 a request (from the person or govern-
2 ment outside the United States which
3 will administer such drug) for drugs
4 which treat conditions for which such
5 drug is a suitable treatment, and

6 “(III) the drug is labeled (in a
7 manner easily understood by health
8 professionals in the country where it
9 is to be administered) as to the drug’s
10 intended uses, dosages, and other
11 matters affecting its safety and effec-
12 tiveness.

13 “(ii) SPECIAL RULES FOR DRUGS
14 WITH SHORT LIVES.—

15 “(I) $\frac{1}{3}$ OF LIFE MUST REMAIN
16 AFTER TRANSFER.—In the case of a
17 drug which is considered to be safe
18 and effective under such regulations
19 for less than 2 years, clause (i)(I)
20 shall be applied by substituting $\frac{1}{3}$ of
21 the period that such drug is so consid-
22 ered to be safe and effective for the 1-
23 year period referred to in such clause.

24 “(II) WAIVER FOR FACILITY-SPE-
25 CIFIC DONATIONS.—Clause (i)(I) shall

1 not apply to drugs to be administered
2 at a facility if the representations re-
3 ferred to in subparagraph (A)(iii) in-
4 clude the representation that a re-
5 sponsible official for such facility has
6 acknowledged that such official is
7 aware that the requirement of clause
8 (i)(I) is not met and has determined
9 the quantity and remaining useful life
10 of the drugs are adequate for proper
11 administration of the drugs.

12 “(iii) DRUG INCLUDES BIOLOGICAL.—
13 For purposes of this subparagraph, the
14 term ‘drug’ includes a biological.”

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to charitable contributions made
17 after the date of the enactment of this Act.

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