

106TH CONGRESS
2D SESSION

H. R. 4061

To amend the Internal Revenue Code of 1986 to extend and expand the enhanced deduction for charitable contributions of computers to provide greater public access to computers, including access by the poor.

IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 2000

Mr. JEFFERSON (for himself, Mr. FROST, Mr. ROGAN, Mr. McDERMOTT, Mr. TOWNS, Mr. LEWIS of Georgia, Ms. JACKSON-LEE of Texas, Mrs. MEEK of Florida, Ms. KILPATRICK, Mrs. CHRISTENSEN, Mr. PAYNE, Mr. BISHOP, Mrs. MINK of Hawaii, Mrs. MCCARTHY of New York, Mr. CLYBURN, Mr. WYNN, Ms. MCKINNEY, Ms. PELOSI, Mr. FORD, Mr. HASTINGS of Florida, Mr. OWENS, Ms. LEE, Mr. SCOTT, Mr. WATT of North Carolina, Ms. CARSON, Mr. DAVIS of Illinois, Mr. RANGEL, Mr. MATSUI, Mr. HAYWORTH, Mr. HILLIARD, Mr. MEEKS of New York, Ms. BROWN of Florida, and Mr. TANNER) 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 extend and expand the enhanced deduction for charitable contributions of computers to provide greater public access to computers, including access by the poor.

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. SHORT TITLE.**

2 This Act may be cited as the “Digital Divide Elimination Act of 2000”.

4 **SEC. 2. CREDIT FOR PURCHASE OF COMPUTERS BY LOW-**
5 **INCOME INDIVIDUALS.**

6 (a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

11 **“SEC. 35. PURCHASE OF COMPUTERS BY LOW-INCOME INDIVIDUALS.**

13 “(a) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to 50 percent of the amount paid by the taxpayer for qualified computer technology or equipment.

18 “(b) DOLLAR LIMITATION.—The credit allowed by subsection (a) for any taxable year shall not exceed \$500.

20 “(c) DEFINITIONS.—For purposes of this section—

21 “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible individual’ means any taxpayer who is allowed a credit under section 32 (relating to earned income credit) for the taxable year.

25 “(2) QUALIFIED COMPUTER TECHNOLOGY OR
26 EQUIPMENT.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), the term ‘qualified computer
3 technology or equipment’ means any computer
4 technology or equipment (as defined in section
5 170(e)(6)) acquired by purchase (as defined in
6 section 170(d)(2)).

7 “(B) EXCEPTIONS.—

8 “(i) CERTAIN SOFTWARE EX-
9 CLUDED.—Such term shall not include
10 game software or any other software which
11 is not necessary for—

12 “(I) use of the computer for ac-
13 cess and use of the Internet (including
14 email), or

15 “(II) business or educational use.

16 “(ii) COMPUTER MUST BE CAPABLE
17 OF INTERNET ACCESS.—Such term shall
18 not include any computer which does not
19 have a modem or other equipment capable
20 of supporting Internet access.”

21 (b) CONFORMING AMENDMENTS.—

22 (1) Paragraph (2) of section 1324(b) of title
23 31, United States Code, is amended by inserting be-
24 fore the period “, or from section 35 of such Code”.

1 (2) The table of sections for subpart C of part
2 IV of subchapter A of chapter 1 of such Code is
3 amended by striking the last item and inserting the
4 following new items:

 “Sec. 35. Purchase of computers by low-income individuals.
 “Sec. 36. Overpayments of tax.”

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 the date of the enactment of this Act.

8 **SEC. 3. EXTENSION AND EXPANSION OF ENHANCED DEDUC-**
9 **TION FOR CHARITABLE CONTRIBUTIONS OF**
10 **COMPUTERS.**

11 (a) EXTENSION.—Subparagraph (F) of section
12 170(e)(6) of the Internal Revenue Code of 1986 (relating
13 to special rule for contributions of computer technology
14 and equipment for elementary or secondary school pur-
15 poses) is amended by striking “December 31, 2000” and
16 inserting “June 30, 2004”.

17 (b) EXPANSION.—

18 (1) IN GENERAL.—Paragraph (6) of section
19 170(e) of such Code is amended by redesignating
20 subparagraphs (C), (D), (E), and (F) as subpara-
21 graphs (D), (E), (F), and (G), respectively, and by
22 striking all that precedes subparagraph (D) (as so
23 redesignated) and inserting the following:

1 “(6) SPECIAL RULE FOR CONTRIBUTIONS OF
2 COMPUTER TECHNOLOGY AND EQUIPMENT.—

3 “(A) IN GENERAL.—The amount of any
4 qualified computer contribution which is taken
5 into account under this section shall be the
6 greater of—

7 “(i) the amount determined without
8 regard to paragraph (1), or

9 “(ii) the amount determined with re-
10 gard to paragraph (1).

11 “(B) QUALIFIED COMPUTER CONTRIBU-
12 TION.—For purposes of this paragraph, the
13 term ‘qualified computer contribution’ means a
14 charitable contribution by a corporation of any
15 computer technology or equipment, but only
16 if—

17 “(i) the contribution is to a qualified
18 organization,

19 “(ii) the contribution is made not
20 later than 2 years after the date the tax-
21 payer acquired the property (or in the case
22 of property constructed by the taxpayer,
23 the date the construction of the property is
24 substantially completed),

1 “(iii) the original use of the property
2 is by the donor or the donee,

3 “(iv) substantially all of the use of the
4 property by the donee is for use within the
5 United States and, in the case of a quali-
6 fied educational organization, for edu-
7 cational purposes in any of the grades K-
8 12 that are related to the purpose or func-
9 tion of the organization,

10 “(v) the property is not transferred by
11 the donee in exchange for money, other
12 property, or services, except for shipping,
13 installation and transfer costs,

14 “(vi) in the case of a qualified edu-
15 cational organization, the property will fit
16 productively into the entity’s education
17 plan, and

18 “(vii) the entity’s use and disposition
19 of the property will be in accordance with
20 the provisions of clauses (iv) and (v).

21 “(C) QUALIFIED ORGANIZATION.—For
22 purposes of this paragraph—

23 “(i) IN GENERAL.—The term ‘quali-
24 fied organization’ means—

1 “(I) any qualified educational or-
2 ganization,

3 “(II) any public library located in
4 an area which is an empowerment
5 zone, enterprise community, or a
6 high-poverty area (as determined by
7 the Secretary),

8 “(III) any technology center lo-
9 cated in such an area, and

10 “(IV) any entity described in sec-
11 tion 501(c)(3) and exempt from tax
12 under section 501(a) that is organized
13 primarily for purposes of providing
14 computers without charge to lower in-
15 come families.

16 “(ii) QUALIFIED EDUCATIONAL ORGA-
17 NIZATION.—For purposes of clause (i), the
18 term ‘qualified educational organization’
19 means—

20 “(I) an educational organization
21 described in subsection (b)(1)(A)(ii),
22 and

23 “(II) an entity described in sec-
24 tion 501(c)(3) and exempt from tax
25 under section 501(a) (other than an

1 entity described in subclause (I)) that
2 is organized primarily for purposes of
3 supporting elementary and secondary
4 education.”

5 (2) CONFORMING AMENDMENT.—Subparagraph
6 (D) of section 170(e)(6) of such Code, as redesign-
7 nated by paragraph (1), is amended by striking
8 “qualified elementary or secondary educational con-
9 tribution” and inserting “qualified computer con-
10 tribution”.

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

○