

106TH CONGRESS
1ST SESSION

S. 542

To amend the Internal Revenue Code of 1986 to expand the deduction for computer donations to schools and to allow a tax credit for donated computers.

IN THE SENATE OF THE UNITED STATES

MARCH 4, 1999

Mr. ABRAHAM (for himself, Mr. WYDEN, Mr. HATCH, Mr. KERREY, Mr. COVERDELL, Mr. DASCHLE, Mr. JEFFORDS, Mr. LIEBERMAN, Mr. ALLARD, Mr. GORTON, Mr. BURNS, and Mr. MCCONNELL) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to expand the deduction for computer donations to schools and to allow a tax credit for donated computers.

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 “New Millennium Class-
5 rooms Act”.

1 **SEC. 2. EXPANSION OF DEDUCTION FOR COMPUTER DONA-**
2 **TIONS TO SCHOOLS.**

3 (a) **EXTENSION OF AGE OF ELIGIBLE COMPUT-**
4 **ERS.**—Section 170(e)(6)(B)(ii) of the Internal Revenue
5 Code of 1986 (defining qualified elementary or secondary
6 educational contribution) is amended—

7 (1) by striking “2 years” and inserting “3
8 years”, and

9 (2) by inserting “for the taxpayer’s own use”
10 after “constructed by the taxpayer”.

11 (b) **REACQUIRED COMPUTERS ELIGIBLE FOR DONA-**
12 **TION.**—

13 (1) **IN GENERAL.**—Section 170(e)(6)(B)(iii) of
14 the Internal Revenue Code of 1986 (defining quali-
15 fied elementary or secondary educational contribu-
16 tion) is amended by inserting “, the person from
17 whom the donor reacquires the property,” after “the
18 donor”.

19 (2) **CONFORMING AMENDMENT.**—Section
20 170(e)(6)(B)(ii) of such Code is amended by insert-
21 ing “or required” after “acquired”.

22 (c) **EFFECTIVE DATE.**—The amendments made by
23 this section shall apply to contributions made in taxable
24 years ending after the date of the enactment of this Act.

1 **SEC. 3. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-
3 chapter A of chapter 1 of the Internal Revenue Code of
4 1986 (relating to business related credits) is amended by
5 adding at the end the following:

6 **“SEC. 45D. CREDIT FOR COMPUTER DONATIONS TO**
7 **SCHOOLS.**

8 “(a) GENERAL RULE.—For purposes of section 38,
9 the school computer donation credit determined under this
10 section is an amount equal to 30 percent of the qualified
11 elementary or secondary educational contributions (as de-
12 fined in section 170(e)(6)(B)) made by the taxpayer dur-
13 ing the taxable year.

14 “(b) INCREASED PERCENTAGE FOR CONTRIBUTIONS
15 TO SCHOOLS IN EMPOWERMENT ZONES, ENTERPRISE
16 COMMUNITIES, AND INDIAN RESERVATIONS.—In the case
17 of a qualified elementary or secondary educational con-
18 tribution (as so defined) to an educational organization
19 or entity located in an empowerment zone or enterprise
20 community designated under section 1391 or an Indian
21 reservation (as defined in section 168(j)(6)), subsection
22 (a) shall be applied by substituting ‘50 percent’ for ‘30
23 percent’.

24 “(c) CERTAIN RULES MADE APPLICABLE.—For pur-
25 poses of this section, rules similar to the rules of para-
26 graphs (1) and (2) of section 41(f) shall apply.

1 “(d) TERMINATION.—This section shall not apply to
2 taxable years beginning on or after the date which is 3
3 years after the date of the enactment of the New Millen-
4 nium Classrooms Act.

5 (b) CURRENT YEAR BUSINESS CREDIT CALCULA-
6 TION.—Section 38(b) of the Internal Revenue Code of
7 1986 (relating to current year business credit) is amended
8 by striking “plus” at the end of paragraph (11), by strik-
9 ing the period at the end of paragraph (12) and inserting
10 “, plus”, and by adding at the end the following:

11 “(13) the school computer donation credit de-
12 termined under section 45D(a).”

13 (c) DISALLOWANCE OF DEDUCTION BY AMOUNT OF
14 CREDIT.—Section 280C of the Internal Revenue Code of
15 1986 (relating to certain expenses for which credits are
16 allowable) is amended by adding at the end the following:

17 “(d) CREDIT FOR SCHOOL COMPUTER DONA-
18 TIONS.—No deduction shall be allowed for that portion of
19 the qualified elementary or secondary educational con-
20 tributions (as defined in section 170(e)(6)(B)) made dur-
21 ing the taxable year that is equal to the amount of credit
22 determined for the taxable year under section 45D(a). In
23 the case of a corporation which is a member of a controlled
24 group of corporations (within the meaning of section
25 52(a)) or a trade or business which is treated as being

1 under common control with other trades or businesses
2 (within the meaning of section 52(b)), this subsection shall
3 be applied under rules prescribed by the Secretary similar
4 to the rules applicable under subsections (a) and (b) of
5 section 52.”

6 (d) LIMITATION ON CARRYBACK.—Subsection (d) of
7 section 39 of the Internal Revenue Code of 1986 (relating
8 to carryback and carryforward of unused credits) is
9 amended by adding at the end the following:

10 “(9) NO CARRYBACK OF SCHOOL COMPUTER
11 DONATION CREDIT BEFORE EFFECTIVE DATE.—No
12 amount of unused business credit available under
13 section 45D may be carried back to a taxable year
14 beginning on or before the date of the enactment of
15 this paragraph.”

16 (e) CLERICAL AMENDMENT.—The table of sections
17 for subpart D of part IV of subchapter A of chapter 1
18 of the Internal Revenue Code of 1986 is amended by in-
19 serting after the item relating to section 45C the following:

“Sec. 45D. Credit for computer donations to schools.”

20 (f) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to contributions made in taxable
22 years beginning after the date of the enactment of this
23 Act.

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