

106TH CONGRESS
2^D SESSION

S. 2424

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 SENATE OF THE UNITED STATES

APRIL 13, 2000

Mr. BREAUX 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 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Digital Divide Elimina-
5 tion Act of 2000”.

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

3 (a) IN GENERAL.—Subpart C of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code of
 5 1986 (relating to refundable credits) is amended by redес-
 6 ignating section 35 as section 36 and by inserting after
 7 section 34 the following new section:

8 **“SEC. 35. PURCHASE OF COMPUTERS BY LOW-INCOME INDI-**
 9 **VIDUALS.**

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

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

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

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

22 “(2) QUALIFIED COMPUTER TECHNOLOGY OR
 23 EQUIPMENT.—

24 “(A) IN GENERAL.—Except as provided in
 25 subparagraph (B), the term ‘qualified computer
 26 technology or equipment’ means any computer

1 technology or equipment (as defined in section
 2 170(e)(6)) acquired by purchase (as defined in
 3 section 170(d)(2)).

4 “(B) EXCEPTIONS.—

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

9 “(I) use of the computer for ac-
 10 cess and use of the Internet (including
 11 email), or

12 “(II) business or educational use.

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

18 (b) CONFORMING AMENDMENTS.—

19 (1) Paragraph (2) of section 1324(b) of title
 20 31, United States Code, is amended by inserting be-
 21 fore the period “, or from section 35 of such Code”.

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

“Sec. 35. Purchase of computers by low-income individuals.

“Sec. 36. Overpayments of tax.”

1 (c) **EFFECTIVE DATE.**—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

4 **SEC. 3. EXTENSION AND EXPANSION OF ENHANCED DEDUC-**
5 **TION FOR CHARITABLE CONTRIBUTIONS OF**
6 **COMPUTERS.**

7 (a) **EXTENSION.**—Subparagraph (F) of section
8 170(e)(6) of the Internal Revenue Code of 1986 (relating
9 to special rule for contributions of computer technology
10 and equipment for elementary or secondary school pur-
11 poses) is amended by striking “December 31, 2000” and
12 inserting “June 30, 2004”.

13 (b) **EXPANSION.**—

14 (1) **IN GENERAL.**—Paragraph (6) of section
15 170(e) of such Code is amended by redesignating
16 subparagraphs (C), (D), (E), and (F) as subpara-
17 graphs (D), (E), (F), and (G), respectively, and by
18 striking all that precedes subparagraph (D) (as so
19 redesignated) and inserting the following:

20 “(6) **SPECIAL RULE FOR CONTRIBUTIONS OF**
21 **COMPUTER TECHNOLOGY AND EQUIPMENT.**—

22 “(A) **IN GENERAL.**—The amount of any
23 qualified computer contribution which is taken

1 into account under this section shall be the
2 greater of—

3 “(i) the amount determined without
4 regard to paragraph (1), or

5 “(ii) the amount determined with re-
6 gard to paragraph (1).

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

13 “(i) the contribution is to a qualified
14 organization,

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

21 “(iii) the original use of the property
22 is by the donor or the donee,

23 “(iv) substantially all of the use of the
24 property by the donee is for use within the
25 United States and, in the case of a quali-

1 fied educational organization, for edu-
 2 cational purposes in any of the grades K-
 3 12 that are related to the purpose or func-
 4 tion of the organization,

5 “(v) the property is not transferred by
 6 the donee in exchange for money, other
 7 property, or services, except for shipping,
 8 installation and transfer costs,

9 “(vi) in the case of a qualified edu-
 10 cational organization, the property will fit
 11 productively into the entity’s education
 12 plan, and

13 “(vii) the entity’s use and disposition
 14 of the property will be in accordance with
 15 the provisions of clauses (iv) and (v).

16 “(C) QUALIFIED ORGANIZATION.—For
 17 purposes of this paragraph—

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

20 “(I) any qualified educational or-
 21 ganization,

22 “(II) any public library located in
 23 an area which is an empowerment
 24 zone, enterprise community, or a

1 high-poverty area (as determined by
2 the Secretary),

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

5 “(IV) any entity described in sec-
6 tion 501(c)(3) and exempt from tax
7 under section 501(a) that is organized
8 primarily for purposes of providing
9 computers without charge to lower in-
10 come families.

11 “(ii) QUALIFIED EDUCATIONAL ORGA-
12 NIZATION.—For purposes of clause (i), the
13 term ‘qualified educational organization’
14 means—

15 “(I) an educational organization
16 described in subsection (b)(1)(A)(ii),
17 and

18 “(II) an entity described in sec-
19 tion 501(c)(3) and exempt from tax
20 under section 501(a) (other than an
21 entity described in subclause (I)) that
22 is organized primarily for purposes of
23 supporting elementary and secondary
24 education.”

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

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

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