

106TH CONGRESS  
2D SESSION

# S. 3056

To amend the Internal Revenue Code of 1986 to exclude from gross income certain profits of businesses operated in connection with a public-private partnership with Centers of Industrial and Technical Excellence established by the Department of Defense.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 15, 2000

Mr. INHOFE introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income certain profits of businesses operated in connection with a public-private partnership with Centers of Industrial and Technical Excellence established by the Department of Defense.

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. EXCLUSION FROM GROSS INCOME OF CERTAIN**  
2 **INCOME FROM PUBLIC-PRIVATE PARTNER-**  
3 **SHIP WITH CENTERS OF INDUSTRIAL AND**  
4 **TECHNICAL EXCELLENCE.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-  
6 ter 1 of the Internal Revenue Code of 1986 (relating to  
7 items specifically excluded from gross income) is amended  
8 by redesignating section 139 as section 140 and by insert-  
9 ing after section 138 the following new section:

10 **“SEC. 139. CERTAIN INCOME FROM PUBLIC-PRIVATE PART-**  
11 **nership WITH CENTERS OF INDUSTRIAL**  
12 **AND TECHNICAL EXCELLENCE.**

13 “(a) IN GENERAL.—Gross income does not include  
14 an amount equal to 50 percent of any qualified net profits  
15 derived during the taxable year by a taxpayer engaged in  
16 a public-private partnership described in subsection (c).

17 “(b) LIMITATIONS.—The amount excluded under  
18 subsection (a) for any taxable year shall not exceed  
19 \$1,000,000.

20 “(c) PUBLIC-PRIVATE PARTNERSHIP.—A taxpayer is  
21 engaged in a public-private partnership under this sub-  
22 section if such taxpayer enters into a public-private coop-  
23 erative arrangement with a Center of Industrial and Tech-  
24 nical Excellence under section 2474 of title 10, United  
25 States Code, for the taxable year.

1       “(d) DEFINITION OF QUALIFIED NET PROFITS.—  
 2 For purposes of this section, the term ‘qualified net prof-  
 3 its’ means, with respect to any taxable year, an amount  
 4 equal to the excess (if any) of—

5               “(1) the gross income of the taxpayer for such  
 6 taxable year attributable to additional work (within  
 7 the meaning of section 2474(d) of title 10, United  
 8 States Code) performed under the public-private  
 9 partnership, over

10               “(2) any deductions allocable to such income.”.

11       (b) CLERICAL AMENDMENT.—The table of sections  
 12 for part III of subchapter B of chapter 1 of such Code  
 13 is amended by striking the item relating to section 139  
 14 and inserting the following:

“Sec. 139. Certain income from public-private partnership with  
 Centers of Industrial and Technical Excellence.  
 “Sec. 140. Cross references to other Acts.”.

15       (c) EFFECTIVE DATE.—The amendments made by  
 16 this section shall apply to amounts received in taxable  
 17 years beginning after December 31, 2000.

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