

107TH CONGRESS
1ST SESSION

S. 393

To amend the Internal Revenue Code of 1986 to encourage charitable contributions to public charities for use in medical research.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 27, 2001

Mr. FRIST (for himself and Mr. TORRICELLI) 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 encourage charitable contributions to public charities for use in medical research.

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 “Paul Coverdell Medical
5 Research Investment Act of 2001”.

6 **SEC. 2. INCREASE IN LIMITATION ON CHARITABLE DEDUC-**
7 **TION FOR CONTRIBUTIONS FOR MEDICAL RE-**
8 **SEARCH.**

9 (a) IN GENERAL.—Paragraph (1) of section 170(b)
10 of the Internal Revenue Code of 1986 (relating to percent-

1 age limitations) is amended by adding at the end the fol-
2 lowing new subparagraph:

3 “(G) SPECIAL LIMITATION WITH RESPECT
4 TO CERTAIN CONTRIBUTIONS FOR MEDICAL RE-
5 SEARCH.—

6 “(i) IN GENERAL.—Any medical re-
7 search contribution shall be allowed to the
8 extent that the aggregate of such contribu-
9 tions does not exceed the lesser of—

10 “(I) 80 percent of the taxpayer’s
11 contribution base for any taxable year,
12 or

13 “(II) the excess of 80 percent of
14 the taxpayer’s contribution base for
15 the taxable year over the amount of
16 charitable contributions allowable
17 under subparagraphs (A) and (B) (de-
18 termined without regard to subpara-
19 graph (C)).

20 “(ii) CARRYOVER.—If the aggregate
21 amount of contributions described in clause
22 (i) exceeds the limitation of such clause,
23 such excess shall be treated (in a manner
24 consistent with the rules of subsection
25 (d)(1)) as a medical research contribution

1 in each of the 10 succeeding taxable years
2 in order of time.

3 “(iii) TREATMENT OF CAPITAL GAIN
4 PROPERTY.—In the case of any medical re-
5 search contribution of capital gain property
6 (as defined in subparagraph (C)(iv)), sub-
7 section (e)(1) shall apply to such contribu-
8 tion.

9 “(iv) MEDICAL RESEARCH CONTRIBU-
10 TION.—For purposes of this subparagraph,
11 the term ‘medical research contribution’
12 means a charitable contribution—

13 “(I) to an organization described
14 in clauses (ii), (iii), (v), or (vi) of sub-
15 paragraph (A), and

16 “(II) which is designated for the
17 use of conducting medical research.

18 “(v) MEDICAL RESEARCH.—For pur-
19 poses of this subparagraph, the term ‘med-
20 ical research’ has the meaning given such
21 term under the regulations promulgated
22 under subparagraph (A)(ii), as in effect on
23 the date of the enactment of this subpara-
24 graph.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Section 170(b)(1)(A) of the Internal Rev-
2 enue Code of 1986 is amended in the matter pre-
3 ceding clause (i) by inserting “(other than a medical
4 research contribution)” after “contribution”.

5 (2) Section 170(b)(1)(B) of such Code is
6 amended by inserting “or a medical research con-
7 tribution” after “applies”.

8 (3) Section 170(b)(1)(C)(i) of such Code is
9 amended by striking “subparagraph (D)” and in-
10 serting “subparagraph (D) or (G)”.

11 (4) Section 170(b)(1)(D)(i) of such Code is
12 amended—

13 (A) in the matter preceding subclause (I),
14 by inserting “or a medical research contribu-
15 tion” after “applies”, and

16 (B) in the second sentence, by inserting
17 “(other than medical research contributions)”
18 before the period.

19 (5) Section 545(b)(2) of such Code is amended
20 by striking “and (D)” and inserting “(D), and (G)”.

21 (6) Section 556(b)(2) of such Code is amended
22 by striking “and (D)” and inserting “(D), and (G)”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply—

1 (1) to contributions made in taxable years be-
2 ginning after December 31, 2001, and

3 (2) to contributions made on or before Decem-
4 ber 31, 2001, but only to the extent that a deduction
5 would be allowed under section 170 of the Internal
6 Revenue Code of 1986 for taxable years beginning
7 after December 31, 2000, had section 170(b)(1)(G)
8 of such Code (as added by this section) applied to
9 such contributions when made.

10 **SEC. 3. TREATMENT OF CERTAIN INCENTIVE STOCK OP-**
11 **TIONS.**

12 (a) **AMT ADJUSTMENTS.**—Section 56(b)(3) of the
13 Internal Revenue Code of 1986 (relating to treatment of
14 incentive stock options) is amended—

15 (1) by striking “Section 421” and inserting the
16 following:

17 “(A) **IN GENERAL.**—Except as provided in
18 subparagraph (B), section 421”, and

19 (2) by adding at the end the following new sub-
20 paragraph:

21 “(B) **EXCEPTION FOR CERTAIN MEDICAL**
22 **RESEARCH STOCK.**—

23 “(i) **IN GENERAL.**—This paragraph
24 shall not apply in the case of a medical re-
25 search stock transfer.

1 “(ii) MEDICAL RESEARCH STOCK
2 TRANSFER.—For purposes of clause (i),
3 the term ‘medical research stock transfer’
4 means a transfer—

5 “(I) of stock which is traded on
6 an established securities market,

7 (II) of stock which is acquired
8 pursuant to the exercise of an incen-
9 tive stock option within the same tax-
10 able year as such transfer occurs, and

11 “(III) which is a medical re-
12 search contribution (as defined in sec-
13 tion 170(b)(1)(G)(iv)).”.

14 (b) NONRECOGNITION OF CERTAIN INCENTIVE
15 STOCK OPTIONS.—Section 422(c) of the Internal Revenue
16 Code of 1986 (relating to special rules) is amended by
17 adding at the end the following new paragraph:

18 “(8) MEDICAL RESEARCH CONTRIBUTIONS.—
19 For purposes of this section and section 421, the
20 transfer of a share of stock which is a medical re-
21 search stock transfer (as defined in section
22 56(b)(3)(B)) shall be treated as meeting the require-
23 ments of subsection (a)(1).”.

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

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