

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 7

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## AN ACT

To provide incentives for charitable contributions by individuals and businesses, to improve the effectiveness and efficiency of government program delivery to individuals and families in need, and to enhance the ability of low-income Americans to gain financial security by building assets.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
 5 “Community Solutions Act of 2001”.

6 (b) TABLE OF CONTENTS.—The table of contents is  
 7 as follows:

Sec. 1. Short title; table of contents.

TITLE I—CHARITABLE GIVING INCENTIVES PACKAGE

Sec. 101. Deduction for portion of charitable contributions to be allowed to in-  
 dividuals who do not itemize deductions.

Sec. 102. Tax-free distributions from individual retirement accounts for chari-  
 table purposes.

Sec. 103. Increase in cap on corporate charitable contributions.

Sec. 104. Charitable deduction for contributions of food inventory.

Sec. 105. Reform of excise tax on net investment income of private foundations.

Sec. 106. Excise tax on unrelated business taxable income of charitable remain-  
 der trusts.

Sec. 107. Expansion of charitable contribution allowed for scientific property  
 used for research and for computer technology and equipment  
 used for educational purposes.

Sec. 108. Adjustment to basis of S corporation stock for certain charitable con-  
 tributions.

TITLE II—EXPANSION OF CHARITABLE CHOICE

Sec. 201. Provision of assistance under government programs by religious and  
 community organizations.

TITLE III—INDIVIDUAL DEVELOPMENT ACCOUNTS

Sec. 301. Additional qualified entities eligible to conduct projects under the As-  
 sets for Independence Act.

Sec. 302. Increase in limitation on net worth.

Sec. 303. Change in limitation on deposits for an individual.

Sec. 304. Elimination of limitation on deposits for a household.

Sec. 305. Extension of program.

Sec. 306. Conforming amendments.

Sec. 307. Applicability.

TITLE IV—CHARITABLE DONATIONS LIABILITY REFORM FOR IN-  
 KIND CORPORATE CONTRIBUTIONS

Sec. 401. Charitable donations liability reform for in-kind corporate contribu-  
 tions.

1     **TITLE I—CHARITABLE GIVING**  
2             **INCENTIVES PACKAGE**

3     **SEC. 101. DEDUCTION FOR PORTION OF CHARITABLE CON-**  
4             **TRIBUTIONS TO BE ALLOWED TO INDIVID-**  
5             **UALS WHO DO NOT ITEMIZE DEDUCTIONS.**

6             (a) IN GENERAL.—Section 170 of the Internal Rev-  
7     enue Code of 1986 (relating to charitable, etc., contribu-  
8     tions and gifts) is amended by redesignating subsection  
9     (m) as subsection (n) and by inserting after subsection  
10    (l) the following new subsection:

11            “(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING  
12    DEDUCTIONS.—

13            “(1) IN GENERAL.—In the case of an individual  
14    who does not itemize his deductions for the taxable  
15    year, there shall be taken into account as a direct  
16    charitable deduction under section 63 an amount  
17    equal to the lesser of—

18            “(A) the amount allowable under sub-  
19    section (a) for the taxable year for cash con-  
20    tributions, or

21            “(B) the applicable amount.

22            “(2) APPLICABLE AMOUNT.—For purposes of  
23    paragraph (1), the applicable amount shall be deter-  
24    mined as follows:

<b>“For taxable years beginning in:</b>	<b>The applicable amount is:</b>
2002 and 2003 .....	\$25
2004, 2005, 2006 .....	\$50
2007, 2008, 2009 .....	\$75
2010 and thereafter .....	\$100.

1        In the case of a joint return, the applicable amount  
2        is twice the applicable amount determined under the  
3        preceding table.”.

4        (b) DIRECT CHARITABLE DEDUCTION.—

5            (1) IN GENERAL.—Subsection (b) of section 63  
6        of such Code is amended by striking “and” at the  
7        end of paragraph (1), by striking the period at the  
8        end of paragraph (2) and inserting “, and”, and by  
9        adding at the end thereof the following new para-  
10       graph:

11            “(3) the direct charitable deduction.”.

12            (2) DEFINITION.—Section 63 of such Code is  
13        amended by redesignating subsection (g) as sub-  
14        section (h) and by inserting after subsection (f) the  
15        following new subsection:

16            “(g) DIRECT CHARITABLE DEDUCTION.—For pur-  
17        poses of this section, the term ‘direct charitable deduction’  
18        means that portion of the amount allowable under section  
19        170(a) which is taken as a direct charitable deduction for  
20        the taxable year under section 170(m).”.

21            (3) CONFORMING AMENDMENT.—Subsection (d)  
22        of section 63 of such Code is amended by striking

1 “and” at the end of paragraph (1), by striking the  
2 period at the end of paragraph (2) and inserting “,  
3 and”, and by adding at the end thereof the following  
4 new paragraph:

5 “(3) the direct charitable deduction.”.

6 (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2001.

9 **SEC. 102. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**  
10 **TIREMENT ACCOUNTS FOR CHARITABLE**  
11 **PURPOSES.**

12 (a) IN GENERAL.—Subsection (d) of section 408 of  
13 the Internal Revenue Code of 1986 (relating to individual  
14 retirement accounts) is amended by adding at the end the  
15 following new paragraph:

16 “(8) DISTRIBUTIONS FOR CHARITABLE PUR-  
17 POSES.—

18 “(A) IN GENERAL.—No amount shall be  
19 includible in gross income by reason of a quali-  
20 fied charitable distribution.

21 “(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the  
22 term ‘qualified charitable distribution’ means  
23 any distribution from an individual retirement  
24 account—  
25 account—

1           “(i) which is made on or after the  
2           date that the individual for whose benefit  
3           the account is maintained has attained age  
4           70½, and

5           “(ii) which is made directly by the  
6           trustee—

7                   “(I) to an organization described  
8                   in section 170(c), or

9                   “(II) to a split-interest entity.

10           A distribution shall be treated as a qualified  
11           charitable distribution only to the extent that  
12           the distribution would be includible in gross in-  
13           come without regard to subparagraph (A) and,  
14           in the case of a distribution to a split-interest  
15           entity, only if no person holds an income inter-  
16           est in the amounts in the split-interest entity  
17           attributable to such distribution other than one  
18           or more of the following: the individual for  
19           whose benefit such account is maintained, the  
20           spouse of such individual, or any organization  
21           described in section 170(c).

22                   “(C) CONTRIBUTIONS MUST BE OTHER-  
23                   WISE DEDUCTIBLE.—For purposes of this  
24                   paragraph—

1                   “(i) DIRECT CONTRIBUTIONS.—A dis-  
2                   tribution to an organization described in  
3                   section 170(c) shall be treated as a quali-  
4                   fied charitable distribution only if a deduc-  
5                   tion for the entire distribution would be al-  
6                   lowable under section 170 (determined  
7                   without regard to subsection (b) thereof  
8                   and this paragraph).

9                   “(ii) SPLIT-INTEREST GIFTS.—A dis-  
10                  tribution to a split-interest entity shall be  
11                  treated as a qualified charitable distribu-  
12                  tion only if a deduction for the entire value  
13                  of the interest in the distribution for the  
14                  use of an organization described in section  
15                  170(c) would be allowable under section  
16                  170 (determined without regard to sub-  
17                  section (b) thereof and this paragraph).

18                  “(D) APPLICATION OF SECTION 72.—Not-  
19                  withstanding section 72, in determining the ex-  
20                  tent to which a distribution is a qualified chari-  
21                  table distribution, the entire amount of the dis-  
22                  tribution shall be treated as includible in gross  
23                  income without regard to subparagraph (A) to  
24                  the extent that such amount does not exceed  
25                  the aggregate amount which would be so includ-

1           ible if all amounts were distributed from all in-  
2           dividual retirement accounts otherwise taken  
3           into account in determining the inclusion on  
4           such distribution under section 72. Proper ad-  
5           justments shall be made in applying section 72  
6           to other distributions in such taxable year and  
7           subsequent taxable years.

8                   “(E) SPECIAL RULES FOR SPLIT-INTEREST  
9           ENTITIES.—

10                   “(i)       CHARITABLE       REMAINDER  
11           TRUSTS.—Distributions made from an in-  
12           dividual retirement account to a trust de-  
13           scribed in subparagraph (G)(ii)(I) shall be  
14           treated as income described in section  
15           664(b)(1) except to the extent that the  
16           beneficiary of the individual retirement ac-  
17           count notifies the trustee of the trust of  
18           the amount which is not allocable to in-  
19           come under subparagraph (D).

20                   “(ii) POOLED INCOME FUNDS.—No  
21           amount shall be includible in the gross in-  
22           come of a pooled income fund (as defined  
23           in subparagraph (G)(ii)(II)) by reason of a  
24           qualified charitable distribution to such  
25           fund.

1                   “(iii) CHARITABLE GIFT ANNU-  
2                   ITIES.—Qualified charitable distributions  
3                   made for a charitable gift annuity shall not  
4                   be treated as an investment in the con-  
5                   tract.

6                   “(F) DENIAL OF DEDUCTION.—Qualified  
7                   charitable distributions shall not be taken into  
8                   account in determining the deduction under sec-  
9                   tion 170.

10                   “(G) SPLIT-INTEREST ENTITY DEFINED.—  
11                   For purposes of this paragraph, the term ‘split-  
12                   interest entity’ means—

13                   “(i) a charitable remainder annuity  
14                   trust or a charitable remainder unitrust  
15                   (as such terms are defined in section  
16                   664(d)),

17                   “(ii) a pooled income fund (as defined  
18                   in section 642(c)(5)), and

19                   “(iii) a charitable gift annuity (as de-  
20                   fined in section 501(m)(5)).”.

21                   (b) MODIFICATIONS RELATING TO INFORMATION RE-  
22                   TURNS BY CERTAIN TRUSTS.—

23                   (1) RETURNS.—Section 6034 of such Code (re-  
24                   lating to returns by trusts described in section

1 4947(a)(2) or claiming charitable deductions under  
2 section 642(c) is amended to read as follows:

3 **“SEC. 6034. RETURNS BY TRUSTS DESCRIBED IN SECTION**  
4 **4947(a)(2) OR CLAIMING CHARITABLE DEDUC-**  
5 **TIONS UNDER SECTION 642(c).**

6 “(a) TRUSTS DESCRIBED IN SECTION 4947(a)(2).—  
7 Every trust described in section 4947(a)(2) shall furnish  
8 such information with respect to the taxable year as the  
9 Secretary may by forms or regulations require.

10 “(b) TRUSTS CLAIMING A CHARITABLE DEDUCTION  
11 UNDER SECTION 642(c).—

12 “(1) IN GENERAL.—Every trust not required to  
13 file a return under subsection (a) but claiming a  
14 charitable, etc., deduction under section 642(c) for  
15 the taxable year shall furnish such information with  
16 respect to such taxable year as the Secretary may by  
17 forms or regulations prescribe, including:

18 “(A) the amount of the charitable, etc., de-  
19 duction taken under section 642(c) within such  
20 year,

21 “(B) the amount paid out within such year  
22 which represents amounts for which charitable,  
23 etc., deductions under section 642(c) have been  
24 taken in prior years,

1           “(C) the amount for which charitable, etc.,  
2           deductions have been taken in prior years but  
3           which has not been paid out at the beginning  
4           of such year,

5           “(D) the amount paid out of principal in  
6           the current and prior years for charitable, etc.,  
7           purposes,

8           “(E) the total income of the trust within  
9           such year and the expenses attributable thereto,  
10          and

11          “(F) a balance sheet showing the assets, li-  
12          abilities, and net worth of the trust as of the  
13          beginning of such year.

14          “(2) EXCEPTIONS.—Paragraph (1) shall not  
15          apply in the case of a taxable year if all the net in-  
16          come for such year, determined under the applicable  
17          principles of the law of trusts, is required to be dis-  
18          tributed currently to the beneficiaries. Paragraph (1)  
19          shall not apply in the case of a trust described in  
20          section 4947(a)(1).”.

21          (2) INCREASE IN PENALTY RELATING TO FIL-  
22          ING OF INFORMATION RETURN BY SPLIT-INTEREST  
23          TRUSTS.—Paragraph (2) of section 6652(c) of such  
24          Code (relating to returns by exempt organizations

1 and by certain trusts) is amended by adding at the  
2 end the following new subparagraph:

3 “(C) SPLIT-INTEREST TRUSTS.—In the  
4 case of a trust which is required to file a return  
5 under section 6034(a), subparagraphs (A) and  
6 (B) of this paragraph shall not apply and para-  
7 graph (1) shall apply in the same manner as if  
8 such return were required under section 6033,  
9 except that—

10 “(i) the 5 percent limitation in the  
11 second sentence of paragraph (1)(A) shall  
12 not apply,

13 “(ii) in the case of any trust with  
14 gross income in excess of \$250,000, the  
15 first sentence of paragraph (1)(A) shall be  
16 applied by substituting ‘\$100’ for ‘\$20’,  
17 and the second sentence thereof shall be  
18 applied by substituting ‘\$50,000’ for  
19 ‘\$10,000’, and

20 “(iii) the third sentence of paragraph  
21 (1)(A) shall be disregarded.

22 If the person required to file such return know-  
23 ingly fails to file the return, such person shall  
24 be personally liable for the penalty imposed  
25 pursuant to this subparagraph.”.

1           (3) CONFIDENTIALITY OF NONCHARITABLE  
2 BENEFICIARIES.—Subsection (b) of section 6104 of  
3 such Code (relating to inspection of annual informa-  
4 tion returns) is amended by adding at the end the  
5 following new sentence: “In the case of a trust which  
6 is required to file a return under section 6034(a),  
7 this subsection shall not apply to information re-  
8 garding beneficiaries which are not organizations de-  
9 scribed in section 170(c).”.

10 (c) EFFECTIVE DATES.—

11           (1) SUBSECTION (a).—The amendment made by  
12 subsection (a) shall apply to taxable years beginning  
13 after December 31, 2001.

14           (2) SUBSECTION (b).—The amendments made  
15 by subsection (b) shall apply to returns for taxable  
16 years beginning after December 31, 2001.

17 **SEC. 103. INCREASE IN CAP ON CORPORATE CHARITABLE**  
18 **CONTRIBUTIONS.**

19           (a) IN GENERAL.—Paragraph (2) of section 170(b)  
20 of the Internal Revenue Code of 1986 (relating to corpora-  
21 tions) is amended by striking “10 percent” and inserting  
22 “the applicable percentage”.

23           (b) APPLICABLE PERCENTAGE.—Subsection (b) of  
24 section 170 of such Code is amended by adding at the  
25 end the following new paragraph:

1           “(3) APPLICABLE PERCENTAGE DEFINED.—For  
 2 purposes of paragraph (2), the applicable percentage  
 3 shall be determined in accordance with the following  
 4 table:

<b>“For taxable years beginning in calendar year—</b>	<b>The applicable percentage is—</b>
2002 through 2007 .....	11
2008 .....	12
2009 .....	13
2010 and thereafter .....	15.”.

5 (c) CONFORMING AMENDMENTS.—

6           (1) Sections 512(b)(10) and 805(b)(2)(A) of  
 7 such Code are each amended by striking “10 per-  
 8 cent” each place it occurs and inserting “the appli-  
 9 cable percentage (determined under section  
 10 170(b)(3))”.

11           (2) Sections 545(b)(2) and 556(b)(2) of such  
 12 Code are each amended by striking “10-percent limi-  
 13 tation” and inserting “applicable percentage limita-  
 14 tion”.

15 (d) EFFECTIVE DATE.—The amendments made by  
 16 this section shall apply to taxable years beginning after  
 17 December 31, 2001.

18 **SEC. 104. CHARITABLE DEDUCTION FOR CONTRIBUTIONS**  
 19 **OF FOOD INVENTORY.**

20 (a) IN GENERAL.—Paragraph (3) of section 170(e)  
 21 of the Internal Revenue Code of 1986 (relating to special  
 22 rule for certain contributions of inventory and other prop-

1 erty) is amended by redesignating subparagraph (C) as  
2 subparagraph (D) and by inserting after subparagraph  
3 (B) the following new subparagraph:

4                   “(C) SPECIAL RULE FOR CONTRIBUTIONS  
5                   OF FOOD INVENTORY.—

6                   “(i) GENERAL RULE.—In the case of  
7                   a charitable contribution of food, this para-  
8                   graph shall be applied—

9                   “(I) without regard to whether  
10                   the contribution is made by a C cor-  
11                   poration, and

12                   “(II) only for food that is appar-  
13                   ently wholesome food.

14                   “(ii) DETERMINATION OF FAIR MAR-  
15                   KET VALUE.—In the case of a qualified  
16                   contribution of apparently wholesome food  
17                   to which this paragraph applies and which,  
18                   solely by reason of internal standards of  
19                   the taxpayer or lack of market, cannot or  
20                   will not be sold, the fair market value of  
21                   such food shall be determined by taking  
22                   into account the price at which the same  
23                   or similar food items are sold by the tax-  
24                   payer at the time of the contribution (or,

1 if not so sold at such time, in the recent  
2 past).

3 “(iii) APPARENTLY WHOLESOME  
4 FOOD.—For purposes of this subpara-  
5 graph, the term ‘apparently wholesome  
6 food’ shall have the meaning given to such  
7 term by section 22(b)(2) of the Bill Emer-  
8 son Good Samaritan Food Donation Act  
9 (42 U.S.C. 1791(b)(2)), as in effect on the  
10 date of the enactment of this subpara-  
11 graph.”.

12 (b) EFFECTIVE DATE.—The amendment made by  
13 subsection (a) shall apply to taxable years beginning after  
14 December 31, 2001.

15 **SEC. 105. REFORM OF EXCISE TAX ON NET INVESTMENT IN-**  
16 **COME OF PRIVATE FOUNDATIONS.**

17 (a) IN GENERAL.—Subsection (a) of section 4940 of  
18 the Internal Revenue Code of 1986 (relating to excise tax  
19 based on investment income) is amended by striking “2  
20 percent” and inserting “1 percent”.

21 (b) REPEAL OF REDUCTION IN TAX WHERE PRI-  
22 VATE FOUNDATION MEETS CERTAIN DISTRIBUTION RE-  
23 QUIREMENTS.—Section 4940 of such Code is amended by  
24 striking subsection (e).

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2001.

4 **SEC. 106. EXCISE TAX ON UNRELATED BUSINESS TAXABLE**  
5 **INCOME OF CHARITABLE REMAINDER**  
6 **TRUSTS.**

7 (a) IN GENERAL.—Subsection (c) of section 664 of  
8 the Internal Revenue Code of 1986 (relating to exemption  
9 from income taxes) is amended to read as follows:

10 “(c) TAXATION OF TRUSTS.—

11 “(1) INCOME TAX.—A charitable remainder an-  
12 nuity trust and a charitable remainder unitrust  
13 shall, for any taxable year, not be subject to any tax  
14 imposed by this subtitle.

15 “(2) EXCISE TAX.—

16 “(A) IN GENERAL.—In the case of a chari-  
17 table remainder annuity trust or a charitable  
18 remainder unitrust that has unrelated business  
19 taxable income (within the meaning of section  
20 512, determined as if part III of subchapter F  
21 applied to such trust) for a taxable year, there  
22 is hereby imposed on such trust or unitrust an  
23 excise tax equal to the amount of such unre-  
24 lated business taxable income.

1           “(B) CERTAIN RULES TO APPLY.—The tax  
2 imposed by subparagraph (A) shall be treated  
3 as imposed by chapter 42 for purposes of this  
4 title other than subchapter E of chapter 42.

5           “(C) CHARACTER OF DISTRIBUTIONS AND  
6 COORDINATION WITH DISTRIBUTION REQUIRE-  
7 MENTS.—The amounts taken into account in  
8 determining unrelated business taxable income  
9 (as defined in subparagraph (A)) shall not be  
10 taken into account for purposes of—

11                   “(i) subsection (b),

12                   “(ii) determining the value of trust  
13 assets under subsection (d)(2), and

14                   “(iii) determining income under sub-  
15 section (d)(3).

16           “(D) TAX COURT PROCEEDINGS.—For  
17 purposes of this paragraph, the references in  
18 section 6212(c)(1) to section 4940 shall be  
19 deemed to include references to this para-  
20 graph.”.

21           (b) EFFECTIVE DATE.—The amendment made by  
22 subsection (a) shall apply to taxable years beginning after  
23 December 31, 2001.

1 **SEC. 107. EXPANSION OF CHARITABLE CONTRIBUTION AL-**  
2 **LOWED FOR SCIENTIFIC PROPERTY USED**  
3 **FOR RESEARCH AND FOR COMPUTER TECH-**  
4 **NOLOGY AND EQUIPMENT USED FOR EDU-**  
5 **CATIONAL PURPOSES.**

6 (a) **SCIENTIFIC PROPERTY USED FOR RESEARCH.**—  
7 Clause (ii) of section 170(e)(4)(B) of the Internal Revenue  
8 Code of 1986 (defining qualified research contributions)  
9 is amended by inserting “or assembled” after “con-  
10 structed”.

11 (b) **COMPUTER TECHNOLOGY AND EQUIPMENT FOR**  
12 **EDUCATIONAL PURPOSES.**—Clause (ii) of section  
13 170(e)(6)(B) of such Code is amended by inserting “or  
14 assembled” after “constructed” and “or assembling” after  
15 “construction”.

16 (c) **CONFORMING AMENDMENT.**—Subparagraph (D)  
17 of section 170(e)(6) of such Code is amended by inserting  
18 “or assembled” after “constructed” and “or assembling”  
19 after “construction”.

20 (d) **EFFECTIVE DATE.**—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2001.

1 **SEC. 108. ADJUSTMENT TO BASIS OF S CORPORATION**  
2 **STOCK FOR CERTAIN CHARITABLE CON-**  
3 **TRIBUTIONS.**

4 (a) **IN GENERAL.**—Paragraph (1) of section 1367(a)  
5 of such Code (relating to adjustments to basis of stock  
6 of shareholders, etc.) is amended by striking “and” at the  
7 end of subparagraph (B), by striking the period at the  
8 end of subparagraph (C) and inserting “, and”, and by  
9 adding at the end the following new subparagraph:

10 “(D) the excess of the amount of the  
11 shareholder’s deduction for any charitable con-  
12 tribution made by the S corporation over the  
13 shareholder’s proportionate share of the ad-  
14 justed basis of the property contributed.”.

15 (b) **EFFECTIVE DATE.**—The amendment made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2001.

18 **TITLE II—EXPANSION OF**  
19 **CHARITABLE CHOICE**

20 **SEC. 201. PROVISION OF ASSISTANCE UNDER GOVERN-**  
21 **MENT PROGRAMS BY RELIGIOUS AND COM-**  
22 **MUNITY ORGANIZATIONS.**

23 Title XXIV of the Revised Statutes of the United  
24 States is amended by inserting after section 1990 (42  
25 U.S.C. 1994) the following:

1 **“SEC. 1991. CHARITABLE CHOICE.**

2 “(a) **SHORT TITLE.**—This section may be cited as the  
3 ‘Charitable Choice Act of 2001’.

4 “(b) **PURPOSES.**—The purposes of this section are—

5 “(1) to enable assistance to be provided to indi-  
6 viduals and families in need in the most effective  
7 and efficient manner;

8 “(2) to supplement the Nation’s social service  
9 capacity by facilitating the entry of new, and the ex-  
10 pansion of existing, efforts by religious and other  
11 community organizations in the administration and  
12 distribution of government assistance under the gov-  
13 ernment programs described in subsection (c)(4);

14 “(3) to prohibit discrimination against religious  
15 organizations on the basis of religion in the adminis-  
16 tration and distribution of government assistance  
17 under such programs;

18 “(4) to allow religious organizations to partici-  
19 pate in the administration and distribution of such  
20 assistance without impairing the religious character  
21 and autonomy of such organizations; and

22 “(5) to protect the religious freedom of individ-  
23 uals and families in need who are eligible for govern-  
24 ment assistance, including expanding the possibility  
25 of their being able to choose to receive services from  
26 a religious organization providing such assistance.

1           “(c) RELIGIOUS ORGANIZATIONS INCLUDED AS PRO-  
2 VIDERS; DISCLAIMERS.—

3           “(1) IN GENERAL.—

4                   “(A) INCLUSION.—For any program de-  
5 scribed in paragraph (4) that is carried out by  
6 the Federal Government, or by a State or local  
7 government with Federal funds, the government  
8 shall consider, on the same basis as other non-  
9 governmental organizations, religious organiza-  
10 tions to provide the assistance under the pro-  
11 gram, and the program shall be implemented in  
12 a manner that is consistent with the establish-  
13 ment clause and the free exercise clause of the  
14 first amendment to the Constitution.

15                   “(B) DISCRIMINATION PROHIBITED.—Nei-  
16 ther the Federal Government, nor a State or  
17 local government receiving funds under a pro-  
18 gram described in paragraph (4), shall discrimi-  
19 nate against an organization that provides as-  
20 sistance under, or applies to provide assistance  
21 under, such program on the basis that the orga-  
22 nization is religious or has a religious character.

23           “(2) FUNDS NOT AID TO RELIGION.—Federal,  
24 State, or local government funds or other assistance  
25 that is received by a religious organization for the

1 provision of services under this section constitutes  
2 aid to individuals and families in need, the ultimate  
3 beneficiaries of such services, and not support for re-  
4 ligion or the organization's religious beliefs or prac-  
5 tices. Notwithstanding the provisions in this para-  
6 graph, title VI of the Civil Rights Act of 1964 (42  
7 U.S.C. 2000d et seq.) shall apply to organizations  
8 receiving assistance funded under any program de-  
9 scribed in subsection (c)(4).

10 “(3) FUNDS NOT ENDORSEMENT OF RELI-  
11 GION.—The receipt by a religious organization of  
12 Federal, State, or local government funds or other  
13 assistance under this section is not an endorsement  
14 by the government of religion or of the organiza-  
15 tion's religious beliefs or practices.

16 “(4) PROGRAMS.—For purposes of this section,  
17 a program is described in this paragraph—

18 “(A) if it involves activities carried out  
19 using Federal funds—

20 “(i) related to the prevention and  
21 treatment of juvenile delinquency and the  
22 improvement of the juvenile justice system,  
23 including programs funded under the Juve-  
24 nile Justice and Delinquency Prevention  
25 Act of 1974 (42 U.S.C. 5601 et seq.);

1           “(ii) related to the prevention of crime  
2           and assistance to crime victims and offend-  
3           ers’ families, including programs funded  
4           under title I of the Omnibus Crime Control  
5           and Safe Streets Act of 1968 (42 U.S.C.  
6           3701 et seq.);

7           “(iii) related to the provision of assist-  
8           ance under Federal housing statutes, in-  
9           cluding the Community Development Block  
10          Grant Program established under title I of  
11          the Housing and Community Development  
12          Act of 1974 (42 U.S.C. 5301 et seq.);

13          “(iv) under subtitle B or D of title I  
14          of the Workforce Investment Act of 1998  
15          (29 U.S.C. 2801 et seq.);

16          “(v) under the Older Americans Act  
17          of 1965 (42 U.S.C. 3001 et seq.);

18          “(vi) related to the intervention in  
19          and prevention of domestic violence, in-  
20          cluding programs under the Child Abuse  
21          Prevention and Treatment Act (42 U.S.C.  
22          5101 et seq.) or the Family Violence Pre-  
23          vention and Services Act (42 U.S.C. 10401  
24          et seq.);

1 “(vii) related to hunger relief activi-  
2 ties; or

3 “(viii) under the Job Access and Re-  
4 verse Commute grant program established  
5 under section 3037 of the Federal Transit  
6 Act of 1998 (49 U.S.C. 5309 note); or

7 “(B)(i) if it involves activities to assist stu-  
8 dents in obtaining the recognized equivalents of  
9 secondary school diplomas and activities relat-  
10 ing to nonschool hours programs, including pro-  
11 grams under—

12 “(I) chapter 3 of subtitle A of title II  
13 of the Workforce Investment Act of 1998  
14 (Public Law 105–220); or

15 “(II) part I of title X of the Elemen-  
16 tary and Secondary Education Act (20  
17 U.S.C. 6301 et seq.); and

18 “(ii) except as provided in subparagraph  
19 (A) and clause (i), does not include activities  
20 carried out under Federal programs providing  
21 education to children eligible to attend elemen-  
22 tary schools or secondary schools, as defined in  
23 section 14101 of the Elementary and Secondary  
24 Education Act of 1965 (20 U.S.C. 8801).

1       “(d) ORGANIZATIONAL CHARACTER AND AUTON-  
2 OMY.—

3           “(1) IN GENERAL.—A religious organization  
4 that provides assistance under a program described  
5 in subsection (c)(4) shall have the right to retain its  
6 autonomy from Federal, State, and local govern-  
7 ments, including such organization’s control over the  
8 definition, development, practice, and expression of  
9 its religious beliefs.

10          “(2) ADDITIONAL SAFEGUARDS.—Neither the  
11 Federal Government, nor a State or local govern-  
12 ment with Federal funds, shall require a religious  
13 organization, in order to be eligible to provide assist-  
14 ance under a program described in subsection (c)(4),  
15 to—

16           “(A) alter its form of internal governance  
17 or provisions in its charter documents; or

18           “(B) remove religious art, icons, scripture,  
19 or other symbols, or to change its name, be-  
20 cause such symbols or names are of a religious  
21 character.

22          “(e) EMPLOYMENT PRACTICES.—A religious organi-  
23 zation’s exemption provided under section 702 of the Civil  
24 Rights Act of 1964 (42 U.S.C. 2000e–1) regarding em-  
25 ployment practices shall not be affected by its participa-

1 tion in, or receipt of funds from, programs described in  
2 subsection (c)(4), and any provision in such programs that  
3 is inconsistent with or would diminish the exercise of an  
4 organization’s autonomy recognized in section 702 or in  
5 this section shall have no effect. Nothing in this section  
6 alters the duty of a religious organization to comply with  
7 the nondiscrimination provisions of title VII of the Civil  
8 Rights Act of 1964 in the use of funds from programs  
9 described in subsection (c)(4).

10       “(f) EFFECT ON OTHER LAWS.—Nothing in this sec-  
11 tion shall alter the duty of a religious organization receiv-  
12 ing assistance or providing services under any program de-  
13 scribed in subsection (c)(4) to comply with the non-  
14 discrimination provisions in title VI of the Civil Rights Act  
15 of 1964 (42 U.S.C. 2000d et seq.) (prohibiting discrimina-  
16 tion on the basis of race, color, and national origin), title  
17 IX of the Education Amendments of 1972 (20 U.S.C.  
18 1681–1688) (prohibiting discrimination in education pro-  
19 grams or activities on the basis of sex and visual impair-  
20 ment), section 504 of the Rehabilitation Act of 1973 (29  
21 U.S.C. 794) (prohibiting discrimination against otherwise  
22 qualified disabled individuals), and the Age Discrimination  
23 Act of 1975 (42 U.S.C. 6101–6107) (prohibiting discrimi-  
24 nation on the basis of age).

25       “(g) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

1           “(1) IN GENERAL.—If an individual described  
2           in paragraph (3) has an objection to the religious  
3           character of the organization from which the indi-  
4           vidual receives, or would receive, assistance funded  
5           under any program described in subsection (c)(4),  
6           the appropriate Federal, State, or local govern-  
7           mental entity shall provide to such individual (if oth-  
8           erwise eligible for such assistance) within a reason-  
9           able period of time after the date of such objection,  
10          assistance that—

11                   “(A) is an alternative that is accessible to  
12                   the individual and unobjectionable to the indi-  
13                   vidual on religious grounds; and

14                   “(B) has a value that is not less than the  
15                   value of the assistance that the individual would  
16                   have received from such organization.

17          “(2) NOTICE.—The appropriate Federal, State,  
18          or local governmental entity shall guarantee that no-  
19          tice is provided to the individuals described in para-  
20          graph (3) of the rights of such individuals under this  
21          section.

22          “(3) INDIVIDUAL DESCRIBED.—An individual  
23          described in this paragraph is an individual who re-  
24          ceives or applies for assistance under a program de-  
25          scribed in subsection (c)(4).

1       “(h) NONDISCRIMINATION AGAINST BENE-  
2 FICIARIES.—

3               “(1) GRANTS AND COOPERATIVE AGREE-  
4 MENTS.—A religious organization providing assist-  
5 ance through a grant or cooperative agreement  
6 under a program described in subsection (c)(4) shall  
7 not discriminate in carrying out the program against  
8 an individual described in subsection (g)(3) on the  
9 basis of religion, a religious belief, or a refusal to  
10 hold a religious belief.

11               “(2) INDIRECT FORMS OF ASSISTANCE.—A reli-  
12 gious organization providing assistance through a  
13 voucher, certificate, or other form of indirect assist-  
14 ance under a program described in subsection (c)(4)  
15 shall not deny an individual described in subsection  
16 (g)(3) admission into such program on the basis of  
17 religion, a religious belief, or a refusal to hold a reli-  
18 gious belief.

19       “(i) ACCOUNTABILITY.—

20               “(1) IN GENERAL.—Except as provided in para-  
21 graphs (2) and (3), a religious organization pro-  
22 viding assistance under any program described in  
23 subsection (c)(4) shall be subject to the same regula-  
24 tions as other nongovernmental organizations to ac-  
25 count in accord with generally accepted accounting

1 principles for the use of such funds and its perform-  
2 ance of such programs.

3 “(2) LIMITED AUDIT.—

4 “(A) GRANTS AND COOPERATIVE AGREE-  
5 MENTS.—A religious organization providing as-  
6 sistance through a grant or cooperative agree-  
7 ment under a program described in subsection  
8 (c)(4) shall segregate government funds pro-  
9 vided under such program into a separate ac-  
10 count or accounts. Only the separate accounts  
11 consisting of funds from the government shall  
12 be subject to audit by the government.

13 “(B) INDIRECT FORMS OF ASSISTANCE.—

14 A religious organization providing assistance  
15 through a voucher, certificate, or other form of  
16 indirect assistance under a program described  
17 in subsection (c)(4) may segregate government  
18 funds provided under such program into a sepa-  
19 rate account or accounts. If such funds are so  
20 segregated, then only the separate accounts  
21 consisting of funds from the government shall  
22 be subject to audit by the government.

23 “(3) SELF AUDIT.—A religious organization  
24 providing services under any program described in  
25 subsection (c)(4) shall conduct annually a self audit

1 for compliance with its duties under this section and  
2 submit a copy of the self audit to the appropriate  
3 Federal, State, or local government agency, along  
4 with a plan to timely correct variances, if any, iden-  
5 tified in the self audit.

6 “(j) LIMITATIONS ON USE OF FUNDS; VOLUNTARI-  
7 NESS.—No funds provided through a grant or cooperative  
8 agreement to a religious organization to provide assistance  
9 under any program described in subsection (c)(4) shall be  
10 expended for sectarian instruction, worship, or proselytiza-  
11 tion. If the religious organization offers such an activity,  
12 it shall be voluntary for the individuals receiving services  
13 and offered separate from the program funded under sub-  
14 section (c)(4). A certificate shall be separately signed by  
15 religious organizations, and filed with the government  
16 agency that disburses the funds, certifying that the orga-  
17 nization is aware of and will comply with this subsection.

18 “(k) EFFECT ON STATE AND LOCAL FUNDS.—If a  
19 State or local government contributes State or local funds  
20 to carry out a program described in subsection (c)(4), the  
21 State or local government may segregate the State or local  
22 funds from the Federal funds provided to carry out the  
23 program or may commingle the State or local funds with  
24 the Federal funds. If the State or local government com-  
25 mingles the State or local funds, the provisions of this sec-

1 tion shall apply to the commingled funds in the same man-  
2 ner, and to the same extent, as the provisions apply to  
3 the Federal funds.

4 “(l) INDIRECT ASSISTANCE.—When consistent with  
5 the purpose of a program described in subsection (c)(4),  
6 the Secretary of the department administering the pro-  
7 gram may direct the disbursement of some or all of the  
8 funds, if determined by the Secretary to be feasible and  
9 efficient, in the form of indirect assistance. For purposes  
10 of this section, ‘indirect assistance’ constitutes assistance  
11 in which an organization receiving funds through a vouch-  
12 er, certificate, or other form of disbursement under this  
13 section receives such funding only as a result of the private  
14 choices of individual beneficiaries and no government en-  
15 dorsement of any particular religion, or of religion gen-  
16 erally, occurs.

17 “(m) TREATMENT OF INTERMEDIATE GRANTORS.—  
18 If a nongovernmental organization (referred to in this sub-  
19 section as an ‘intermediate grantor’), acting under a grant  
20 or other agreement with the Federal Government, or a  
21 State or local government with Federal funds, is given the  
22 authority under the agreement to select nongovernmental  
23 organizations to provide assistance under the programs  
24 described in subsection (c)(4), the intermediate grantor  
25 shall have the same duties under this section as the gov-

1 ernment when selecting or otherwise dealing with  
2 subgrantors, but the intermediate grantor, if it is a reli-  
3 gious organization, shall retain all other rights of a reli-  
4 gious organization under this section.

5       “(n) COMPLIANCE.—A party alleging that the rights  
6 of the party under this section have been violated by a  
7 State or local government may bring a civil action for in-  
8 junctive relief pursuant to section 1979 against the State  
9 official or local government agency that has allegedly com-  
10 mitted such violation. A party alleging that the rights of  
11 the party under this section have been violated by the Fed-  
12 eral Government may bring a civil action for injunctive  
13 relief in Federal district court against the official or gov-  
14 ernment agency that has allegedly committed such viola-  
15 tion.

16       “(o) TRAINING AND TECHNICAL ASSISTANCE FOR  
17 SMALL NONGOVERNMENTAL ORGANIZATIONS.—

18               “(1) IN GENERAL.—From amounts made avail-  
19 able to carry out the purposes of the Office of Jus-  
20 tice Programs (including any component or unit  
21 thereof, including the Office of Community Oriented  
22 Policing Services), funds are authorized to provide  
23 training and technical assistance, directly or through  
24 grants or other arrangements, in procedures relating  
25 to potential application and participation in pro-

1       grams identified in subsection (c)(4) to small non-  
2       governmental organizations, as determined by the  
3       Attorney General, including religious organizations,  
4       in an amount not to exceed \$50 million annually.

5               “(2) TYPES OF ASSISTANCE.—Such assistance  
6       may include—

7                       “(A) assistance and information relative to  
8                       creating an organization described in section  
9                       501(c)(3) of the Internal Revenue Code of 1986  
10                      to operate identified programs;

11                     “(B) granting writing assistance which  
12                     may include workshops and reasonable guid-  
13                     ance;

14                     “(C) information and referrals to other  
15                     nongovernmental organizations that provide ex-  
16                     pertise in accounting, legal issues, tax issues,  
17                     program development, and a variety of other or-  
18                     ganizational areas; and

19                     “(D) information and guidance on how to  
20                     comply with Federal nondiscrimination provi-  
21                     sions including, but not limited to, title VI of  
22                     the Civil Rights Act of 1964 (42 U.S.C. 2000d  
23                     et seq.), title VII of the Civil Rights Act of  
24                     1964 (42 U.S.C. 2000e et seq.), the Fair Hous-  
25                     ing Act, as amended (42 U.S.C. 3601 et seq.),

1 title IX of the Education Amendments of 1972  
 2 (20 U.S.C. 1681–1688), section 504 of the Re-  
 3 habilitation Act of 1973 (29 U.S.C. 694), and  
 4 the Age Discrimination Act of 1975 (42 U.S.C.  
 5 6101–6107).

6 “(3) RESERVATION OF FUNDS.—An amount of  
 7 no less than \$5,000,000 shall be reserved under this  
 8 section. Small nongovernmental organizations may  
 9 apply for these funds to be used for assistance in  
 10 providing full and equal integrated access to individ-  
 11 uals with disabilities in programs under this title.

12 “(4) PRIORITY.—In giving out the assistance  
 13 described in this subsection, priority shall be given  
 14 to small nongovernmental organizations serving  
 15 urban and rural communities.”

16 **TITLE III—INDIVIDUAL**  
 17 **DEVELOPMENT ACCOUNTS**

18 **SEC. 301. ADDITIONAL QUALIFIED ENTITIES ELIGIBLE TO**  
 19 **CONDUCT PROJECTS UNDER THE ASSETS**  
 20 **FOR INDEPENDENCE ACT.**

21 Section 404(7)(A)(iii)(I)(aa) of the Assets for Inde-  
 22 pendence Act (42 U.S.C. 604 note) is amended to read  
 23 as follows:

24 “(aa) a federally insured  
 25 credit union; or”

1 **SEC. 302. INCREASE IN LIMITATION ON NET WORTH.**

2 Section 408(a)(2)(A) of the Assets for Independence  
3 Act (42 U.S.C. 604 note) is amended by striking  
4 “\$10,000” and inserting “\$20,000”.

5 **SEC. 303. CHANGE IN LIMITATION ON DEPOSITS FOR AN IN-**  
6 **DIVIDUAL.**

7 Section 410(b) of the Assets for Independence Act  
8 (42 U.S.C. 604 note) is amended to read as follows:

9 “(b) LIMITATION ON DEPOSITS FOR AN INDI-  
10 VIDUAL.—Not more than \$500 from a grant made under  
11 section 406(b) shall be provided per year to any one indi-  
12 vidual during the project.”.

13 **SEC. 304. ELIMINATION OF LIMITATION ON DEPOSITS FOR**  
14 **A HOUSEHOLD.**

15 Section 410 of the Assets for Independence Act (42  
16 U.S.C. 604 note) is amended by striking subsection (c)  
17 and redesignating subsections (d) and (e) as subsections  
18 (c) and (d), respectively.

19 **SEC. 305. EXTENSION OF PROGRAM.**

20 Section 416 of the Assets for Independence Act (42  
21 U.S.C. 604 note) is amended by striking “2001, 2002, and  
22 2003” and inserting “and 2001, and \$50,000,000 for each  
23 of fiscal years 2002 through 2008”.

24 **SEC. 306. CONFORMING AMENDMENTS.**

25 (a) AMENDMENTS TO TEXT.—The text of each of the  
26 following provisions of the Assets for Independence Act

1 (42 U.S.C. 604 note) is amended by striking “demonstra-  
2 tion” each place it appears:

- 3 (1) Section 403.
- 4 (2) Section 404(2).
- 5 (3) Section 405(a).
- 6 (4) Section 405(b).
- 7 (5) Section 405(c).
- 8 (6) Section 405(d).
- 9 (7) Section 405(e).
- 10 (8) Section 405(g).
- 11 (9) Section 406(a).
- 12 (10) Section 406(b).
- 13 (11) Section 407(b)(1)(A).
- 14 (12) Section 407(c)(1)(A).
- 15 (13) Section 407(c)(1)(B).
- 16 (14) Section 407(c)(1)(C).
- 17 (15) Section 407(c)(1)(D).
- 18 (16) Section 407(d).
- 19 (17) Section 408(a).
- 20 (18) Section 408(b).
- 21 (19) Section 409.
- 22 (20) Section 410(e).
- 23 (21) Section 411.
- 24 (22) Section 412(a).
- 25 (23) Section 412(b)(2).

1 (24) Section 412(c).

2 (25) Section 413(a).

3 (26) Section 413(b).

4 (27) Section 414(a).

5 (28) Section 414(b).

6 (29) Section 414(c).

7 (30) Section 414(d)(1).

8 (31) Section 414(d)(2).

9 (b) AMENDMENTS TO SUBSECTION HEADINGS.—The  
10 heading of each of the following provisions of the Assets  
11 for Independence Act (42 U.S.C. 604 note) is amended  
12 by striking “DEMONSTRATION”:

13 (1) Section 405(a).

14 (2) Section 406(a).

15 (3) Section 413(a).

16 (c) AMENDMENTS TO SECTION HEADINGS.—The  
17 headings of sections 406 and 411 of the Assets for Inde-  
18 pendence Act (42 U.S.C. 604 note) are amended by strik-  
19 ing “**DEMONSTRATION**”.

20 **SEC. 307. APPLICABILITY.**

21 (a) IN GENERAL.—The amendments made by this  
22 title shall apply to funds provided before, on or after the  
23 date of the enactment of this Act.

24 (b) PRIOR AMENDMENTS.—The amendments made  
25 by title VI of the Departments of Labor, Health and

1 Human Services, and Education, and Related Agencies  
2 Appropriations Act, 2001 (as enacted into law by Public  
3 Law 106–554) shall apply to funds provided before, on  
4 or after the date of the enactment of such Act.

5 **TITLE IV—CHARITABLE DONA-**  
6 **TIONS LIABILITY REFORM**  
7 **FOR IN-KIND CORPORATE**  
8 **CONTRIBUTIONS**

9 **SEC. 401. CHARITABLE DONATIONS LIABILITY REFORM**  
10 **FOR IN-KIND CORPORATE CONTRIBUTIONS.**

11 (a) DEFINITIONS.—For purposes of this section:

12 (1) AIRCRAFT.—The term “aircraft” has the  
13 meaning provided that term in section 40102(6) of  
14 title 49, United States Code.

15 (2) BUSINESS ENTITY.—The term “business  
16 entity” means a firm, corporation, association, part-  
17 nership, consortium, joint venture, or other form of  
18 enterprise.

19 (3) EQUIPMENT.—The term “equipment” in-  
20 cludes mechanical equipment, electronic equipment,  
21 and office equipment.

22 (4) FACILITY.—The term “facility” means any  
23 real property, including any building, improvement,  
24 or appurtenance.

1           (5) GROSS NEGLIGENCE.—The term “gross  
2 negligence” means voluntary and conscious conduct  
3 by a person with knowledge (at the time of the con-  
4 duct) that the conduct is likely to be harmful to the  
5 health or well-being of another person.

6           (6) INTENTIONAL MISCONDUCT.—The term  
7 “intentional misconduct” means conduct by a person  
8 with knowledge (at the time of the conduct) that the  
9 conduct is harmful to the health or well-being of an-  
10 other person.

11           (7) MOTOR VEHICLE.—The term “motor vehi-  
12 cle” has the meaning provided that term in section  
13 30102(6) of title 49, United States Code.

14           (8) NONPROFIT ORGANIZATION.—The term  
15 “nonprofit organization” means—

16           (A) any organization described in section  
17 501(c)(3) of the Internal Revenue Code of 1986  
18 and exempt from tax under section 501(a) of  
19 such Code; or

20           (B) any not-for-profit organization orga-  
21 nized and conducted for public benefit and op-  
22 erated primarily for charitable, civic, edu-  
23 cational, religious, welfare, or health purposes.

24           (9) STATE.—The term “State” means each of  
25 the several States, the District of Columbia, the

1 Commonwealth of Puerto Rico, the Virgin Islands,  
2 Guam, American Samoa, the Northern Mariana Is-  
3 lands, any other territory or possession of the  
4 United States, or any political subdivision of any  
5 such State, territory, or possession.

6 (b) LIABILITY.—

7 (1) LIABILITY OF BUSINESS ENTITIES THAT  
8 DONATE EQUIPMENT TO NONPROFIT ORGANIZA-  
9 TIONS.—

10 (A) IN GENERAL.—Subject to subsection  
11 (c), a business entity shall not be subject to  
12 civil liability relating to any injury or death that  
13 results from the use of equipment donated by a  
14 business entity to a nonprofit organization.

15 (B) APPLICATION.—This paragraph shall  
16 apply with respect to civil liability under Fed-  
17 eral and State law.

18 (2) LIABILITY OF BUSINESS ENTITIES PRO-  
19 VIDING USE OF FACILITIES TO NONPROFIT ORGANI-  
20 ZATIONS.—

21 (A) IN GENERAL.—Subject to subsection  
22 (c), a business entity shall not be subject to  
23 civil liability relating to any injury or death oc-  
24 ccurring at a facility of the business entity in

1 connection with a use of such facility by a non-  
2 profit organization, if—

3 (i) the use occurs outside of the scope  
4 of business of the business entity;

5 (ii) such injury or death occurs during  
6 a period that such facility is used by the  
7 nonprofit organization; and

8 (iii) the business entity authorized the  
9 use of such facility by the nonprofit orga-  
10 nization.

11 (B) APPLICATION.—This paragraph shall  
12 apply—

13 (i) with respect to civil liability under  
14 Federal and State law; and

15 (ii) regardless of whether a nonprofit  
16 organization pays for the use of a facility.

17 (3) LIABILITY OF BUSINESS ENTITIES PRO-  
18 VIDING USE OF A MOTOR VEHICLE OR AIRCRAFT.—

19 (A) IN GENERAL.—Subject to subsection  
20 (c), a business entity shall not be subject to  
21 civil liability relating to any injury or death oc-  
22 ccurring as a result of the operation of aircraft  
23 or a motor vehicle of a business entity loaned  
24 to a nonprofit organization for use outside of  
25 the scope of business of the business entity, if—

1 (i) such injury or death occurs during  
2 a period that such motor vehicle or aircraft  
3 is used by a nonprofit organization; and

4 (ii) the business entity authorized the  
5 use by the nonprofit organization of motor  
6 vehicle or aircraft that resulted in the in-  
7 jury or death.

8 (B) APPLICATION.—This paragraph shall  
9 apply—

10 (i) with respect to civil liability under  
11 Federal and State law; and

12 (ii) regardless of whether a nonprofit  
13 organization pays for the use of the air-  
14 craft or motor vehicle.

15 (c) EXCEPTIONS.—Subsection (b) shall not apply to  
16 an injury or death that results from an act or omission  
17 of a business entity that constitutes gross negligence or  
18 intentional misconduct.

19 (d) SUPERSEDING PROVISION.—

20 (1) IN GENERAL.—Subject to paragraph (2)  
21 and subsection (e), this title preempts the laws of  
22 any State to the extent that such laws are incon-  
23 sistent with this title, except that this title shall not  
24 preempt any State law that provides additional pro-  
25 tection for a business entity for an injury or death

1 described in a paragraph of subsection (b) with re-  
2 spect to which the conditions specified in such para-  
3 graph apply.

4 (2) LIMITATION.—Nothing in this title shall be  
5 construed to supersede any Federal or State health  
6 or safety law.

7 (e) ELECTION OF STATE REGARDING NONAPPLICA-  
8 BILITY.—A provision of this title shall not apply to any  
9 civil action in a State court against a business entity in  
10 which all parties are citizens of the State if such State  
11 enacts a statute—

12 (1) citing the authority of this section;

13 (2) declaring the election of such State that  
14 such provision shall not apply to such civil action in  
15 the State; and

16 (3) containing no other provisions.

17 (f) EFFECTIVE DATE.—This section shall apply to in-  
18 juries (and deaths resulting therefrom) occurring on or  
19 after the date of the enactment of this Act.

Passed the House of Representatives July 19, 2001.

Attest:

*Clerk.*

107TH CONGRESS  
1ST SESSION

# H. R. 7

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## AN ACT

To provide incentives for charitable contributions by individuals and businesses, to improve the effectiveness and efficiency of government program delivery to individuals and families in need, and to enhance the ability of low-income Americans to gain financial security by building assets.