

106TH CONGRESS  
1ST SESSION

# H. R. 2308

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

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 1999

Mr. PORTMAN (for himself, Mr. BECERRA, Mr. CUNNINGHAM, Mr. MATSUI, Mr. ARMEY, Mr. WATTS of Oklahoma, Mr. TANNER, Mr. JEFFERSON, Mr. KUYKENDALL, Mrs. THURMAN, Mr. FROST, Mr. FLETCHER, Mr. MOAKLEY, Mr. FARR of California, Mr. SHAYS, Mr. LATHAM, Mr. CUMMINGS, Ms. LEE, Mr. BILBRAY, Mr. SHOWS, Mr. REYES, Mrs. KELLY, Mrs. CHRISTENSEN, Mr. FILNER, Mr. PITTS, Mr. DOOLEY of California, Mr. SCOTT, Mr. PICKERING, Ms. LOFGREN, Ms. SANCHEZ, Mr. COOK, Mrs. NAPOLITANO, Mr. GREEN of Texas, Mr. MCINTOSH, Ms. MILLENDER-MCDONALD, Ms. CARSON, Mrs. MORELLA, Mr. MORAN of Virginia, Mr. NADLER, Mr. PASTOR, Mr. KILDEE, Mr. HORN, Mr. KENNEDY of Rhode Island, and Mr. HINCHEY) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the deduction for computer donations to schools and public libraries 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,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “New Millennium Class-  
3 rooms Act”.

4 **SEC. 2. EXPANSION OF DEDUCTION FOR COMPUTER DONA-  
5 TIONS TO SCHOOLS AND PUBLIC LIBRARIES.**

6       (a) EXPANSION OF COMPUTER DONATIONS TO PUB-  
7 LIC LIBRARIES.—

8           (1) IN GENERAL.—Paragraph (6) of section  
9 170(e) of the Internal Revenue Code of 1986 (relat-  
10 ing to special rule for contributions of computer  
11 technology and equipment for elementary or sec-  
12 ondary school purposes) is amended by striking  
13 “qualified elementary or secondary educational con-  
14 tribution” each place it occurs in the headings and  
15 text and inserting “qualified computer contribution”.

16           (2) QUALIFIED COMPUTER CONTRIBUTION DE-  
17 FINED.—Subclause (II) of section 170(e)(6)(B)(i) of  
18 such Code (relating to qualified elementary or sec-  
19 ondary educational contribution) is amended by  
20 striking “or” at the end of subclause (I), by insert-  
21 ing “or” at the end of subclause (II), and by insert-  
22 ing after subclause (II) the following new subclause:

23                           “(III) a public library (within the  
24 meaning of section 213(2)(A) of the  
25 Library Services and Technology Act  
26 (20 U.S.C. 9122(2)(A)), as in effect

1 on the date of the enactment of the  
2 New Millennium Classrooms Act, es-  
3 tablished and maintained by an entity  
4 described in subsection (c)(1).”.

5 (3) CONFORMING AMENDMENT.—The heading  
6 of paragraph (6) of section 170(e) of such Code is  
7 amended by striking “ELEMENTARY OR SECONDARY  
8 SCHOOL PURPOSES” and inserting “SCHOOL AND LI-  
9 BRARY PURPOSES”.

10 (b) EXTENSION OF AGE OF ELIGIBLE COM-  
11 PUTERS.—Clause (ii) of section 170(e)(6)(B) of such Code  
12 (defining qualified elementary or secondary educational  
13 contribution) is amended—

14 (1) by striking “2 years” and inserting “3  
15 years”, and

16 (2) by striking “date” the first place it appears  
17 and all that follows and inserting the following:

18 “date—

19 “(I) the taxpayer acquired or re-  
20 acquired the property,

21 “(II) construction of the property  
22 is substantially completed in the case  
23 of property constructed by the tax-  
24 payer for its own use in its trade or

1 business and which is not inventory  
 2 with respect to the taxpayer, or  
 3 “(III) the property was originally  
 4 sold, leased, or otherwise disposed of  
 5 by the taxpayer in the case of prop-  
 6 erty reacquired by the taxpayer.”.

7 (c) REACQUIRED COMPUTERS ELIGIBLE FOR DONA-  
 8 TION.—Clause (iii) of section 170(e)(6)(B) of such Code  
 9 (defining qualified elementary or secondary educational  
 10 contribution) is amended by inserting “, the person from  
 11 whom the donor reacquires the property,” after “the  
 12 donor”.

13 (d) EFFECTIVE DATE.—The amendments made by  
 14 this section shall apply to contributions made in taxable  
 15 years ending after the date of the enactment of this Act.

16 **SEC. 3. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS**  
 17 **AND PUBLIC LIBRARIES.**

18 (a) IN GENERAL.—Subpart D of part IV of sub-  
 19 chapter A of chapter 1 of the Internal Revenue Code of  
 20 1986 (relating to business related credits) is amended by  
 21 adding at the end the following:

22 **“SEC. 45D. CREDIT FOR COMPUTER DONATIONS TO**  
 23 **SCHOOLS AND PUBLIC LIBRARIES.**

24 “(a) GENERAL RULE.—For purposes of section 38,  
 25 the school and public library computer donation credit de-

1 terminated under this section is an amount equal to 30 per-  
2 cent of the qualified computer contributions made by the  
3 taxpayer during the taxable year.

4 “(b) INCREASED PERCENTAGE FOR CONTRIBUTIONS  
5 TO SCHOOLS OR PUBLIC LIBRARIES IN EMPOWERMENT  
6 ZONES, ENTERPRISE COMMUNITIES, AND INDIAN RES-  
7 ERVATIONS.—In the case of a qualified computer con-  
8 tribution to an educational organization, public library, or  
9 entity located in an empowerment zone or enterprise com-  
10 munity designated under section 1391 or an Indian res-  
11 ervation (as defined in section 168(j)(6)), subsection (a)  
12 shall be applied by substituting ‘50 percent’ for ‘30 per-  
13 cent’.

14 “(c) LIMITATION.—No credit shall be allowed under  
15 subsection (a) for the contribution of a computer (as de-  
16 fined in section 168(i)(2)(B)(ii)) if the computer software  
17 (as defined in section 197(e)(3)(B)) that serves as the op-  
18 erating system of such computer has not been lawfully in-  
19 stalled.

20 “(d) QUALIFIED COMPUTER CONTRIBUTION.—For  
21 purposes of this section, the term ‘qualified computer con-  
22 tribution’ has the meaning given such term by section  
23 170(e)(6)(B).

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

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

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

14               “(13) the school and public library computer  
 15 donation credit determined under section 45D(a).”.

16       (c) DISALLOWANCE OF DEDUCTION BY AMOUNT OF  
 17 CREDIT.—Section 280C of such Code (relating to certain  
 18 expenses for which credits are allowable) is amended by  
 19 adding at the end the following:

20       “(d) CREDIT FOR SCHOOL AND PUBLIC LIBRARY  
 21 COMPUTER DONATIONS.—No deduction shall be allowed  
 22 for that portion of the qualified computer contributions  
 23 (as defined in section 170(e)(6)(B)) made during the tax-  
 24 able year that is equal to the amount of credit determined  
 25 for the taxable year under section 45D(a). In the case of

1 a corporation which is a member of a controlled group of  
 2 corporations (within the meaning of section 52(a)) or a  
 3 trade or business which is treated as being under common  
 4 control with other trades or businesses (within the mean-  
 5 ing of section 52(b)), this subsection shall be applied  
 6 under rules prescribed by the Secretary similar to the  
 7 rules applicable under subsections (a) and (b) of section  
 8 52.”

9 (d) LIMITATION ON CARRYBACK.—Subsection (d) of  
 10 section 39 of such Code (relating to carryback and  
 11 carryforward of unused credits) is amended by adding at  
 12 the end the following:

13 “(9) NO CARRYBACK OF SCHOOL AND PUBLIC  
 14 LIBRARY COMPUTER DONATION CREDIT BEFORE EF-  
 15 FECTIVE DATE.—No amount of unused business  
 16 credit available under section 45D may be carried  
 17 back to a taxable year beginning on or before the  
 18 date of the enactment of this paragraph.”.

19 (e) CLERICAL AMENDMENT.—The table of sections  
 20 for subpart D of part IV of subchapter A of chapter 1  
 21 of such Code is amended by inserting after the item relat-  
 22 ing to section 45C the following:

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

23 (f) EFFECTIVE DATE.—The amendments made by  
 24 this section shall apply to contributions made in taxable

1 years beginning after the date of the enactment of this  
2 Act.

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