

107TH CONGRESS  
1ST SESSION

# H. R. 744

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

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2001

Ms. DUNN (for herself and Mr. CARDIN) 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 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 “Medical Research In-  
5       vestment 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 use  
17 in 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          (c) EFFECTIVE DATE.—The amendments made by  
20      this section shall apply—

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

23           (2) to contributions made on or before Decem-  
24           ber 31, 2001, but only to the extent that a deduction  
25           would be allowed under section 170 of the Internal

1 Revenue Code of 1986 for taxable years beginning  
2 after December 31, 1999, had section 170(b)(1)(G)  
3 of such Code (as added by this section) applied to  
4 such contributions when made.

5 **SEC. 3. TREATMENT OF CERTAIN INCENTIVE STOCK OP-**  
6 **TIONS.**

7 (a) AMT ADJUSTMENTS.—Section 56(b)(3) of the  
8 Internal Revenue Code of 1986 (relating to treatment of  
9 incentive stock options) is amended—

10 (1) by striking “Section 421” and inserting the  
11 following:

12 “(A) IN GENERAL.—Except as pro-  
13 vided in subparagraph (B), section 421”,  
14 and

15 (2) by adding at the end the following new sub-  
16 paragraph:

17 “(B) EXCEPTION FOR CERTAIN MED-  
18 ICAL RESEARCH STOCK.—

19 “(i) IN GENERAL.—This para-  
20 graph shall not apply in the case of a  
21 medical research stock transfer of  
22 stock acquired pursuant to the exer-  
23 cise of an incentive stock option oc-  
24 ccurring within the same taxable year  
25 as the exercise.

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

5 “(I) of stock which is traded  
 6 on an established securities mar-  
 7 ket, and

8 “(II) which is a medical re-  
 9 search contribution (as defined in  
 10 section 170(b)(1)(G)(iv)).”.

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

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

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

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