

108TH CONGRESS
1ST SESSION

H. R. 1131

To amend the Internal Revenue Code of 1986 to extend and expand the enhanced deduction for charitable contributions of computers to provide greater public access to computers, including access by the poor.

IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2003

Mr. JEFFERSON introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to extend and expand the enhanced deduction for charitable contributions of computers to provide greater public access to computers, including access by the poor.

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 “Digital Divide Elimination Act of 2003”.
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1 **SEC. 2. CREDIT FOR PURCHASE OF COMPUTERS BY LOW-**
 2 **INCOME INDIVIDUALS.**

3 (a) IN GENERAL.—Subpart C of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code of
 5 1986 (relating to refundable credits) is amended by insert-
 6 ing after section 36 the following new section:

7 **“SEC. 36A. PURCHASE OF COMPUTERS BY LOW-INCOME IN-**
 8 **DIVIDUALS.**

9 “(a) IN GENERAL.—In the case of an eligible indi-
 10 vidual, there shall be allowed as a credit against the tax
 11 imposed by this subtitle for the taxable year an amount
 12 equal to 50 percent of the amount paid by the taxpayer
 13 for qualified computer technology or equipment.

14 “(b) DOLLAR LIMITATION.—The credit allowed by
 15 subsection (a) for any taxable year shall not exceed \$500.

16 “(c) DEFINITIONS.—For purposes of this section—

17 “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible
 18 individual’ means any taxpayer who is allowed a
 19 credit under section 32 (relating to earned income
 20 credit) for the taxable year.

21 “(2) QUALIFIED COMPUTER TECHNOLOGY OR
 22 EQUIPMENT.—

23 “(A) IN GENERAL.—Except as provided in
 24 subparagraph (B), the term ‘qualified computer
 25 technology or equipment’ means any computer
 26 technology or equipment (as defined in section

1 170(e)(6)) acquired by purchase (as defined in
 2 section 170(d)(2)).

3 “(B) EXCEPTIONS.—

4 “(i) CERTAIN SOFTWARE EX-
 5 CLUDED.—Such term shall not include
 6 game software or any other software which
 7 is not necessary for—

8 “(I) use of the computer for ac-
 9 cess and use of the Internet (including
 10 email), or

11 “(II) business or educational use.

12 “(ii) COMPUTER MUST BE CAPABLE
 13 OF INTERNET ACCESS.—Such term shall
 14 not include any computer which does not
 15 have a modem or other equipment capable
 16 of supporting Internet access.”

17 (b) CONFORMING AMENDMENTS.—

18 (1) Paragraph (2) of section 1324(b) of title
 19 31, United States Code, is amended by striking “or
 20 36” and inserting “, 36, or 36A”.

21 (2) The table of sections for subpart C of part
 22 IV of subchapter A of chapter 1 of such Code is
 23 amended by inserting after the item relating to sec-
 24 tion 36 the following new item:

“Sec. 36A. Purchase of computers by low-income individuals.”

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

4 **SEC. 3. EXTENSION AND EXPANSION OF ENHANCED DEDUC-**
 5 **TION FOR CHARITABLE CONTRIBUTIONS OF**
 6 **COMPUTERS.**

7 (a) EXTENSION.—Subparagraph (G) of section
 8 170(e)(6) of the Internal Revenue Code of 1986 (relating
 9 to special rule for contributions of computer technology
 10 and equipment for elementary or secondary school pur-
 11 poses) is amended by striking “December 31, 2003” and
 12 inserting “June 30, 2004”.

13 (b) EXPANSION.—Paragraph (6) of section 170(e) of
 14 such Code is amended by redesignating subparagraphs
 15 (C), (D), (E), (F) and (G) as subparagraphs (D), (E),
 16 (F), (G), and (H), respectively, and by striking all that
 17 precedes subparagraph (D) (as so redesignated) and in-
 18 serting the following:

19 “(6) SPECIAL RULE FOR CONTRIBUTIONS OF
 20 COMPUTER TECHNOLOGY AND EQUIPMENT.—

21 “(A) IN GENERAL.—The amount of any
 22 qualified computer contribution which is taken
 23 into account under this section shall be the
 24 greater of—

1 “(i) the amount determined without
2 regard to paragraph (1), or

3 “(ii) the amount determined with re-
4 gard to paragraph (1).

5 “(B) QUALIFIED COMPUTER CONTRIBU-
6 TION.—For purposes of this paragraph, the
7 term ‘qualified computer contribution’ means a
8 charitable contribution by a corporation of any
9 computer technology or equipment, but only
10 if—

11 “(i) the contribution is to a qualified
12 organization,

13 “(ii) the contribution is made not
14 later than 3 years after the date the tax-
15 payer acquired the property (or in the case
16 of property constructed by the taxpayer,
17 the date the construction of the property is
18 substantially completed),

19 “(iii) the original use of the property
20 is by the donor or the donee,

21 “(iv) substantially all of the use of the
22 property by the donee is for use within the
23 United States and, in the case of a quali-
24 fied educational organization, for edu-

1 cational purposes that are related to the
2 purpose or function of the organization,

3 “(v) the property is not transferred by
4 the donee in exchange for money, other
5 property, or services, except for shipping,
6 installation and transfer costs,

7 “(vi) in the case of a qualified edu-
8 cational organization, the property will fit
9 productively into the entity’s education
10 plan,

11 “(vii) the entity’s use and disposition
12 of the property will be in accordance with
13 the provisions of clauses (iv) and (v), and

14 “(viii) the property meets such stand-
15 ards, if any, as the Secretary may pre-
16 scribe by regulation to assure that the
17 property meets minimum functionality and
18 suitability standards for educational pur-
19 poses.

20 “(C) QUALIFIED ORGANIZATION.—For
21 purposes of this paragraph—

22 “(i) IN GENERAL.—The term ‘quali-
23 fied organization’ means—

24 “(I) any qualified educational or-
25 ganization,

1 “(II) a public library (within the
2 meaning of section 213(2)(A) of the
3 Library Services and Technology Act
4 (20 U.S.C. 9122(2)(A)), as in effect
5 on the date of the enactment of the
6 Community Renewal Tax Relief Act of
7 2000, established and maintained by
8 an entity described in subsection
9 (c)(1) or located in an area which is
10 an empowerment zone, enterprise
11 community, or a high-poverty area (as
12 determined by the Secretary),

13 “(III) any technology center lo-
14 cated in such an area, and

15 “(IV) any entity described in sec-
16 tion 501(c)(3) and exempt from tax
17 under section 501(a) that is organized
18 primarily for purposes of providing
19 computers without charge to lower in-
20 come families.

21 “(ii) QUALIFIED EDUCATIONAL ORGA-
22 NIZATION.—For purposes of clause (i), the
23 term ‘qualified educational organization’
24 means—

1 “(I) an educational organization
2 described in subsection (b)(1)(A)(ii),
3 and

4 “(II) an entity described in sec-
5 tion 501(c)(3) and exempt from tax
6 under section 501(a) (other than an
7 entity described in subclause (I)) that
8 is organized primarily for purposes of
9 supporting elementary and secondary
10 education.”

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 the date of the enactment of this Act.

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