

SECTION 1. SHORT TITLE. This Act may be cited as the New Millennium Classrooms Act''.

SEC. 2. EXPANSION OF DEDUCTION FOR COMPUTER DONATIONS TO SCHOOLS AND PUBLIC LIBRARIES. (a) Expansion of Computer Donations to Public Libraries.-- (1) In general.--Paragraph (6) of section 170(e) of the Internal Revenue Code of 1986 (relating to special rule for contributions of computer technology and equipment for elementary or secondary school purposes) is amended by striking qualified elementary or secondary educational contribution" each place it occurs in the headings and text and inserting qualified computer contribution''. (2) Qualified computer contribution defined.--Subclause (II) of section 170(e)(6)(B)(i) of such Code (relating to qualified elementary or secondary educational contribution) is amended by striking or" at the end of subclause (I), by inserting or'' at the end of subclause (II), and by inserting after subclause (II) the following new subclause: (III) a public library (within the meaning of section 213(2)(A) of the Library Services and Technology Act (20 U.S.C. 9122(2)(A)), as in effect on the date of the enactment of the New Millennium Classrooms Act, established and maintained by an entity described in subsection (c)(1)". (3) Conforming amendment.--The heading of paragraph (6) of section 170(e) of such Code is amended by striking elementary or secondary school purposes'' and inserting school and library purposes". (b) Extension of Age of Eligible Computers.--Clause (ii) of section 170(e)(6)(B) of such Code (defining qualified elementary or secondary educational contribution) is amended-- (1) by striking 2 years'' and inserting 3 years", and (2) by striking date'' the first place it appears and all that follows and inserting the following: date-- (I) the taxpayer acquired or reacquired the property, (II) construction of the property is substantially completed in the case of property constructed by the taxpayer for its own use in its trade or business and which is not inventory with respect to the taxpayer, or (III) the property was originally sold, leased, or otherwise disposed of by the taxpayer in the case of property reacquired by the taxpayer.''. (c) Reacquired Computers Eligible for Donation.--Clause (iii) of section 170(e)(6)(B) of such Code (defining qualified elementary or secondary educational contribution) is amended by inserting , the person from whom the donor reacquires the property," after the donor''.

(d) Effective Date.--The amendments made by this section shall apply to contributions made in taxable years ending after the date of the enactment of this Act.

SEC. 3. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS AND PUBLIC LIBRARIES. (a) In General.--Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by adding at the end the following: SEC. 45D. CREDIT FOR COMPUTER DONATIONS TO

SCHOOLS AND PUBLIC LIBRARIES. (a) General Rule.--For purposes of section 38, the school and public library computer donation credit determined under this section is an amount equal to 30 percent of the qualified computer contributions

made by the taxpayer during the taxable year. (b) Increased Percentage for Contributions to Schools or Public Libraries in Empowerment Zones, Enterprise Communities, and Indian Reservations.--In the case of a qualified computer contribution to an educational organization, public library, or entity located in an empowerment zone or enterprise community designated under section 1391 or an Indian reservation (as defined in section 168(j)(6)), subsection (a) shall be applied by substituting '50 percent' for '30 percent'. (c) Limitation.--No credit shall be allowed under subsection (a) for the contribution of a computer (as defined in section 168(i)(2)(B)(ii)) if the computer software (as defined in section 197(e)(3)(B)) that serves as the operating system of such computer has not been lawfully installed. (d) Qualified Computer Contribution.--For purposes of this section, the term 'qualified computer contribution' has the meaning given such term by section 170(e)(6)(B). (e) Certain Rules Made Applicable.--For purposes of this section, rules similar to the rules of paragraphs (1) and (2) of section 41(f) shall apply. (f) Termination.--This section shall not apply to taxable years beginning on or after the date which is 3 years after the date of the enactment of the New Millennium Classrooms Act." (b) Current Year Business Credit Calculation.--Section 38(b) of such Code (relating to current year business credit) is amended by striking 'plus'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ', plus', and by adding at the end the following: (13) the school and public library computer donation credit determined under section 45D(a)'''. (c) Disallowance of Deduction by Amount of Credit.--Section 280C of such Code (relating to certain expenses for which credits are allowable) is amended by adding at the end the following: (d) Credit for School and Public Library Computer Donations.--No deduction shall be allowed for that portion of the qualified computer contributions (as defined in section 170(e)(6)(B)) made during the taxable year that is equal to the amount of credit determined for the taxable year under section 45D(a). In the case of a corporation which is a member of a controlled group of corporations (within the meaning of section 52(a)) or a trade or business which is treated as being under common control with other trades or businesses (within the meaning of section 52(b)), this subsection shall be applied under rules prescribed by the Secretary similar to the rules applicable under subsections (a) and (b) of section 52." (d) Limitation on Carryback.--Subsection (d) of section 39 of such Code (relating to carryback and carryforward of unused credits) is amended by adding at the end the following: (9) No carryback of school and public library computer donation credit before effective date.--No amount of unused business credit available under section 45D may be carried back to a taxable year beginning on or before the date of the enactment of this paragraph'''. (e) Clerical Amendment.--The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 45C the following: Sec. 45D. Credit for computer donations to schools and public libraries." (f) Effective Date.--The amendments made by this

section shall apply to contributions made in taxable years beginning after the date of the enactment of this Act.