

106TH CONGRESS
2D SESSION

S. 3229

To amend the Internal Revenue Code of 1986 to allow a tax credit for the cost of certain equipment used to convert public television broadcasting from analog to digital transmission.

IN THE SENATE OF THE UNITED STATES

OCTOBER 24 (legislative day, SEPTEMBER 22), 2000

Mr. KERREY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow a tax credit for the cost of certain equipment used to convert public television broadcasting from analog to digital transmission.

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. TAX CREDIT FOR PUBLIC TELEVISION DIGITAL**

4 **TRANSMISSION CONVERSIONS.**

5 (a) IN GENERAL.—Subpart B of part IV of sub-

6 chapter A of chapter 1 of the Internal Revenue Code of

7 1986 (relating to general business credits) is amended by

8 adding at the end the following:

1 **“SEC. 45D. CREDIT FOR PUBLIC TELEVISION DIGITAL**
2 **TRANSMISSION CONVERSIONS.**

3 “(a) IN GENERAL.—For purposes of section 38, the
4 amount of the public television digital transmission con-
5 version credit determined under this section for an eligible
6 taxpayer for each taxable year in the credit period with
7 respect to an eligible public television conversion project
8 shall be an amount equal to $\frac{1}{6}$ of the qualified conversion
9 equipment costs in connection with such project.

10 “(b) ELIGIBLE TAXPAYER; ELIGIBLE PUBLIC TELE-
11 VISION CONVERSION PROJECT.—For purposes of this
12 section—

13 “(1) ELIGIBLE TAXPAYER.—The term ‘eligible
14 taxpayer’ means any limited partnership or limited
15 liability company—

16 “(A) the sole purpose of which is to ac-
17 quire qualified conversion equipment for lease
18 at nominal rent payments to a public tele-
19 communications entity in connection with 1 or
20 more eligible public television conversion
21 projects,

22 “(B) the general partner, general partners,
23 or managers of which consist solely of 1 or
24 more qualified public broadcasting organiza-
25 tions, and

1 “(C) which makes an irrevocable election
2 (binding on the eligible taxpayer and all succes-
3 sors in interest as lessor under the qualified
4 conversion equipment lease) not to claim depre-
5 ciation with respect to such qualified conversion
6 equipment.

7 “(2) ELIGIBLE PUBLIC TELEVISION CONVER-
8 SION PROJECT.—The term ‘eligible public television
9 conversion project’ means any project to convert the
10 television broadcasting of a public telecommuni-
11 cations entity from analog to digital transmission.

12 “(c) QUALIFIED CONVERSION EQUIPMENT COSTS.—
13 For purposes of this section—

14 “(1) IN GENERAL.—The term ‘qualified conver-
15 sion equipment costs’ for a taxable year means the
16 aggregate fair market value of qualified conversion
17 equipment acquired or constructed by an eligible
18 taxpayer at the direction of, and in full compliance
19 with such bidding requirements as may be applicable
20 to, a qualified public broadcasting organization.

21 “(2) QUALIFIED CONVERSION EQUIPMENT.—
22 The term ‘qualified conversion equipment’ means
23 property used by a qualified public broadcasting or-
24 ganization under a lease with nominal rent payments

1 with an eligible taxpayer in an eligible public tele-
2 vision conversion project, including—
3 “(A) transmission towers,
4 “(B) transmission equipment,
5 “(C) production equipment, including cam-
6 eras, recorders, software and editing systems,
7 “(D) retransmission equipment,
8 “(E) transformers, and
9 “(F) such other property (other than land)
10 necessarily related to the property described in
11 subparagraphs (A) through (E) or used for the
12 repair or maintenance of such property.

13 “(d) OTHER DEFINITIONS.—For purposes of this
14 section—

15 “(1) PUBLIC TELECOMMUNICATIONS ENTITY.—
16 The term ‘public telecommunications entity’ has the
17 meaning given such term by section 397(12) of the
18 Communications Act of 1934 (47 U.S.C. 397(12)).

19 “(2) CREDIT PERIOD.—The term ‘credit period’
20 means, with respect to any eligible public television
21 conversion project, the period of 6 taxable years be-
22 ginning with the first taxable year the qualified con-
23 version equipment costs of the eligible taxpayer in
24 connection with such project are taken into account.

1 “(3) QUALIFIED PUBLIC BROADCASTING ORGA-
2 NIZATION.—The term ‘qualified public broadcasting
3 organization’ means—

4 “(A) a public telecommunications entity, or
5 “(B) an organization described in section
6 501(c)(3) and exempt from tax under section
7 501(a) and whose exempt purposes include the
8 representation, promotion, or support of public
9 television stations.

10 “(e) SPECIAL RULE.—A credit shall be allowed under
11 subsection (a) notwithstanding the provisions of section
12 183 (activities not engaged in for profit), section 168(h)
13 (tax-exempt use property), and any provision of law which
14 would limit the allowance of the credit because of the
15 terms of any lease or purchase option between an eligible
16 taxpayer and a public telecommunications entity.

17 “(f) REGULATIONS.—The Secretary shall prescribe
18 such regulations as may be necessary or appropriate to
19 carry out the purposes of this section, including regula-
20 tions providing for the ratable recapture of the credit if
21 during the credit period property qualifying for the credit
22 under this section is disposed of or otherwise ceases to
23 be qualified conversion equipment.”.

24 (b) INCLUSION IN GENERAL BUSINESS CREDIT.—

7 “(13) the public television digital transmission
8 conversion credit determined under section
9 45D(a).”.

10 (2) TRANSITION RULE.—Section 39(d) of such
11 Code (relating to transitional rules) is amended by
12 adding at the end the following:

13 “(9) NO CARRYBACK OF SECTION 45D CREDIT
14 BEFORE ENACTMENT.—No portion of the unused
15 business credit for any taxable year which is attrib-
16 utable to the public television digital transmission
17 conversion credit determined under section 45D may
18 be carried back to a taxable year ending before the
19 date of the enactment of section 45D.”.

20 (c) CONFORMING AMENDMENT.—The table of sec-
21 tions for subpart D of part IV of subchapter A of chapter
22 1 of the Internal Revenue Code of 1986 is amended by
23 adding at the end the following new item:

“Sec. 45D. Credit for public television digital transmission conversions.”.

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

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