

**AMENDMENT TO H.R. 7, AS REPORTED**  
**OFFERED BY MR. RANGEL OF NEW YORK, MR.**  
**CONYERS OF MICHIGAN, MR. FRANK OF MAS-**  
**SACHUSETTS, MR. NADLER OF NEW YORK,**  
**MR. EDWARDS OF TEXAS, AND MR. SCOTT OF**  
**VIRGINIA**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Community Solutions Act of 2001”.

4 (b) TABLE OF CONTENTS.—The table of contents is  
5 as follows:

Sec. 1. Short title; table of contents.

TITLE I—CHARITABLE GIVING INCENTIVES PACKAGE

Sec. 101. Deduction for portion of charitable contributions to be allowed to individuals who do not itemize deductions.

Sec. 102. Tax-free distributions from individual retirement accounts for charitable purposes.

Sec. 103. Increase in cap on corporate charitable contributions.

Sec. 104. Charitable deduction for contributions of food inventory.

Sec. 105. Reform of excise tax on net investment income of private foundations.

Sec. 106. Excise tax on unrelated business taxable income of charitable remainder trusts.

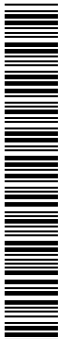
Sec. 107. Expansion of charitable contribution allowed for scientific property used for research and for computer technology and equipment used for educational purposes.

Sec. 108. Adjustment to basis of S corporation stock for certain charitable contributions.

Sec. 109. Revenue offset.

TITLE II—EXPANSION OF CHARITABLE CHOICE

Sec. 201. Provision of assistance under government programs by religious and community organizations.



TITLE III—INDIVIDUAL DEVELOPMENT ACCOUNTS

- Sec. 301. Additional qualified entities eligible to conduct projects under the Assets for Independence Act.
- Sec. 302. Increase in limitation on net worth.
- Sec. 303. Change in limitation on deposits for an individual.
- Sec. 304. Elimination of limitation on deposits for a household.
- Sec. 305. Extension of program.
- Sec. 306. Conforming amendments.
- Sec. 307. Applicability.

1     **TITLE I—CHARITABLE GIVING**  
 2                   **INCENTIVES PACKAGE**

3     **SEC. 101. DEDUCTION FOR PORTION OF CHARITABLE CON-**  
 4                   **TRIBUTIONS TO BE ALLOWED TO INDIVID-**  
 5                   **UALS WHO DO NOT ITEMIZE DEDUCTIONS.**

6           (a) IN GENERAL.—Section 170 of the Internal Rev-  
 7     enue Code of 1986 (relating to charitable, etc., contribu-  
 8     tions and gifts) is amended by redesignating subsection  
 9     (m) as subsection (n) and by inserting after subsection  
 10    (l) the following new subsection:

11           “(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING  
 12    DEDUCTIONS.—

13           “(1) IN GENERAL.—In the case of an individual  
 14    who does not itemize his deductions for the taxable  
 15    year, there shall be taken into account as a direct  
 16    charitable deduction under section 63 an amount  
 17    equal to the lesser of—

18                   “(A) the amount allowable under sub-  
 19                   section (a) for the taxable year for cash con-  
 20                   tributions, or

21                   “(B) the applicable amount.



1           “(2) APPLICABLE AMOUNT.—For purposes of  
 2 paragraph (1), the applicable amount shall be deter-  
 3 mined as follows:

<b>“For taxable years beginning in:</b>	<b>The applicable amount is:</b>
2002 and 2003 .....	\$25
2004, 2005, 2006 .....	\$50
2007, 2008, 2009 .....	\$75
2010 and thereafter .....	\$100.

4           In the case of a joint return, the applicable amount  
 5 is twice the applicable amount determined under the  
 6 preceding table.”.

7           (b) DIRECT CHARITABLE DEDUCTION.—

8           (1) IN GENERAL.—Subsection (b) of section 63  
 9 of such Code is amended by striking “and” at the  
 10 end of paragraph (1), by striking the period at the  
 11 end of paragraph (2) and inserting “, and”, and by  
 12 adding at the end thereof the following new para-  
 13 graph:

14           “(3) the direct charitable deduction.”.

15           (2) DEFINITION.—Section 63 of such Code is  
 16 amended by redesignating subsection (g) as sub-  
 17 section (h) and by inserting after subsection (f) the  
 18 following new subsection:

19           “(g) DIRECT CHARITABLE DEDUCTION.—For pur-  
 20 poses of this section, the term ‘direct charitable deduction’  
 21 means that portion of the amount allowable under section



1 170(a) which is taken as a direct charitable deduction for  
2 the taxable year under section 170(m).”.

3 (3) CONFORMING AMENDMENT.—Subsection (d)  
4 of section 63 of such Code is amended by striking  
5 “and” at the end of paragraph (1), by striking the  
6 period at the end of paragraph (2) and inserting “,  
7 and”, and by adding at the end thereof the following  
8 new paragraph:

9 “(3) the direct charitable deduction.”.

10 (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2001.

13 **SEC. 102. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**  
14 **TIREMENT ACCOUNTS FOR CHARITABLE**  
15 **PURPOSES.**

16 (a) IN GENERAL.—Subsection (d) of section 408 of  
17 the Internal Revenue Code of 1986 (relating to individual  
18 retirement accounts) is amended by adding at the end the  
19 following new paragraph:

20 “(8) DISTRIBUTIONS FOR CHARITABLE PUR-  
21 POSES.—

22 “(A) IN GENERAL.—No amount shall be  
23 includible in gross income by reason of a quali-  
24 fied charitable distribution.



1           “(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the  
2 term ‘qualified charitable distribution’ means  
3 any distribution from an individual retirement  
4 account—  
5

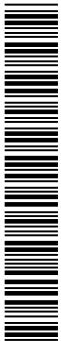
6           “(i) which is made on or after the  
7 date that the individual for whose benefit  
8 the account is maintained has attained age  
9 70½, and

10           “(ii) which is made directly by the  
11 trustee—

12           “(I) to an organization described  
13 in section 170(c), or

14           “(II) to a split-interest entity.

15 A distribution shall be treated as a qualified  
16 charitable distribution only to the extent that  
17 the distribution would be includible in gross in-  
18 come without regard to subparagraph (A) and,  
19 in the case of a distribution to a split-interest  
20 entity, only if no person holds an income inter-  
21 est in the amounts in the split-interest entity  
22 attributable to such distribution other than one  
23 or more of the following: the individual for  
24 whose benefit such account is maintained, the



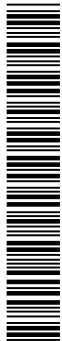
1 spouse of such individual, or any organization  
2 described in section 170(e).

3 “(C) CONTRIBUTIONS MUST BE OTHER-  
4 WISE DEDUCTIBLE.—For purposes of this  
5 paragraph—

6 “(i) DIRECT CONTRIBUTIONS.—A dis-  
7 tribution to an organization described in  
8 section 170(e) shall be treated as a quali-  
9 fied charitable distribution only if a deduc-  
10 tion for the entire distribution would be al-  
11 lowable under section 170 (determined  
12 without regard to subsection (b) thereof  
13 and this paragraph).

14 “(ii) SPLIT-INTEREST GIFTS.—A dis-  
15 tribution to a split-interest entity shall be  
16 treated as a qualified charitable distribu-  
17 tion only if a deduction for the entire value  
18 of the interest in the distribution for the  
19 use of an organization described in section  
20 170(e) would be allowable under section  
21 170 (determined without regard to sub-  
22 section (b) thereof and this paragraph).

23 “(D) APPLICATION OF SECTION 72.—Not-  
24 withstanding section 72, in determining the ex-  
25 tent to which a distribution is a qualified chari-



1 table distribution, the entire amount of the dis-  
2 tribution shall be treated as includible in gross  
3 income without regard to subparagraph (A) to  
4 the extent that such amount does not exceed  
5 the aggregate amount which would be so includ-  
6 ible if all amounts were distributed from all in-  
7 dividual retirement accounts otherwise taken  
8 into account in determining the inclusion on  
9 such distribution under section 72. Proper ad-  
10 justments shall be made in applying section 72  
11 to other distributions in such taxable year and  
12 subsequent taxable years.

13 “(E) SPECIAL RULES FOR SPLIT-INTEREST  
14 ENTITIES.—

15 “(i) CHARITABLE REMAINDER  
16 TRUSTS.—Distributions made from an in-  
17 dividual retirement account to a trust de-  
18 scribed in subparagraph (G)(ii)(I) shall be  
19 treated as income described in section  
20 664(b)(1) except to the extent that the  
21 beneficiary of the individual retirement ac-  
22 count notifies the trustee of the trust of  
23 the amount which is not allocable to in-  
24 come under subparagraph (D).



1           “(ii) POOLED INCOME FUNDS.—No  
2           amount shall be includible in the gross in-  
3           come of a pooled income fund (as defined  
4           in subparagraph (G)(ii)(II)) by reason of a  
5           qualified charitable distribution to such  
6           fund.

7           “(iii) CHARITABLE GIFT ANNU-  
8           ITIES.—Qualified charitable distributions  
9           made for a charitable gift annuity shall not  
10          be treated as an investment in the con-  
11          tract.

12          “(F) DENIAL OF DEDUCTION.—Qualified  
13          charitable distributions shall not be taken into  
14          account in determining the deduction under sec-  
15          tion 170.

16          “(G) SPLIT-INTEREST ENTITY DEFINED.—  
17          For purposes of this paragraph, the term ‘split-  
18          interest entity’ means—

19                 “(i) a charitable remainder annuity  
20                 trust or a charitable remainder unitrust  
21                 (as such terms are defined in section  
22                 664(d)),

23                 “(ii) a pooled income fund (as defined  
24                 in section 642(c)(5)), and





1                   “(iii) a charitable gift annuity (as de-  
2                   fined in section 501(m)(5)).”.

3           (b) MODIFICATIONS RELATING TO INFORMATION RE-  
4 RETURNS BY CERTAIN TRUSTS.—

5           (1) RETURNS.—Section 6034 of such Code (re-  
6           lating to returns by trusts described in section  
7           4947(a)(2) or claiming charitable deductions under  
8           section 642(e)) is amended to read as follows:

9   **“SEC. 6034. RETURNS BY TRUSTS DESCRIBED IN SECTION**  
10                   **4947(a)(2) OR CLAIMING CHARITABLE DEDUC-**  
11                   **TIONS UNDER SECTION 642(e).**

12           “(a) TRUSTS DESCRIBED IN SECTION 4947(a)(2).—  
13 Every trust described in section 4947(a)(2) shall furnish  
14 such information with respect to the taxable year as the  
15 Secretary may by forms or regulations require.

16           “(b) TRUSTS CLAIMING A CHARITABLE DEDUCTION  
17 UNDER SECTION 642(e).—

18           “(1) IN GENERAL.—Every trust not required to  
19 file a return under subsection (a) but claiming a  
20 charitable, etc., deduction under section 642(e) for  
21 the taxable year shall furnish such information with  
22 respect to such taxable year as the Secretary may by  
23 forms or regulations prescribe, including:



1           “(A) the amount of the charitable, etc., de-  
2           duction taken under section 642(c) within such  
3           year,

4           “(B) the amount paid out within such year  
5           which represents amounts for which charitable,  
6           etc., deductions under section 642(c) have been  
7           taken in prior years,

8           “(C) the amount for which charitable, etc.,  
9           deductions have been taken in prior years but  
10          which has not been paid out at the beginning  
11          of such year,

12          “(D) the amount paid out of principal in  
13          the current and prior years for charitable, etc.,  
14          purposes,

15          “(E) the total income of the trust within  
16          such year and the expenses attributable thereto,  
17          and

18          “(F) a balance sheet showing the assets, li-  
19          abilities, and net worth of the trust as of the  
20          beginning of such year.

21          “(2) EXCEPTIONS.—Paragraph (1) shall not  
22          apply in the case of a taxable year if all the net in-  
23          come for such year, determined under the applicable  
24          principles of the law of trusts, is required to be dis-  
25          tributed currently to the beneficiaries. Paragraph (1)



1 shall not apply in the case of a trust described in  
2 section 4947(a)(1).”.

3 (2) INCREASE IN PENALTY RELATING TO FIL-  
4 ING OF INFORMATION RETURN BY SPLIT-INTEREST  
5 TRUSTS.—Paragraph (2) of section 6652(c) of such  
6 Code (relating to returns by exempt organizations  
7 and by certain trusts) is amended by adding at the  
8 end the following new subparagraph:

9 “(C) SPLIT-INTEREST TRUSTS.—In the  
10 case of a trust which is required to file a return  
11 under section 6034(a), subparagraphs (A) and  
12 (B) of this paragraph shall not apply and para-  
13 graph (1) shall apply in the same manner as if  
14 such return were required under section 6033,  
15 except that—

16 “(i) the 5 percent limitation in the  
17 second sentence of paragraph (1)(A) shall  
18 not apply,

19 “(ii) in the case of any trust with  
20 gross income in excess of \$250,000, the  
21 first sentence of paragraph (1)(A) shall be  
22 applied by substituting ‘\$100’ for ‘\$20’,  
23 and the second sentence thereof shall be  
24 applied by substituting ‘\$50,000’ for  
25 ‘\$10,000’, and



1                   “(iii) the third sentence of paragraph  
2                   (1)(A) shall be disregarded.

3                   If the person required to file such return know-  
4                   ingly fails to file the return, such person shall  
5                   be personally liable for the penalty imposed  
6                   pursuant to this subparagraph.”.

7                   (3) CONFIDENTIALITY OF NONCHARITABLE  
8                   BENEFICIARIES.—Subsection (b) of section 6104 of  
9                   such Code (relating to inspection of annual informa-  
10                  tion returns) is amended by adding at the end the  
11                  following new sentence: “In the case of a trust which  
12                  is required to file a return under section 6034(a),  
13                  this subsection shall not apply to information re-  
14                  garding beneficiaries which are not organizations de-  
15                  scribed in section 170(c).”.

16                  (c) EFFECTIVE DATES.—

17                  (1) SUBSECTION (a).—The amendment made by  
18                  subsection (a) shall apply to taxable years beginning  
19                  after December 31, 2001.

20                  (2) SUBSECTION (b).—The amendments made  
21                  by subsection (b) shall apply to returns for taxable  
22                  years beginning after December 31, 2001.



1 **SEC. 103. INCREASE IN CAP ON CORPORATE CHARITABLE**  
2 **CONTRIBUTIONS.**

3 (a) IN GENERAL.—Paragraph (2) of section 170(b)  
4 of the Internal Revenue Code of 1986 (relating to corpora-  
5 tions) is amended by striking “10 percent” and inserting  
6 “the applicable percentage”.

7 (b) APPLICABLE PERCENTAGE.—Subsection (b) of  
8 section 170 of such Code is amended by adding at the  
9 end the following new paragraph:

10 “(3) APPLICABLE PERCENTAGE DEFINED.—For  
11 purposes of paragraph (2), the applicable percentage  
12 shall be determined in accordance with the following  
13 table:

<b>“For taxable years beginning in calendar year—</b>	<b>The applicable percentage is—</b>
2002 through 2007 .....	11
2008 .....	12
2009 .....	13
2010 and thereafter .....	15.”.

14 (c) CONFORMING AMENDMENTS.—

15 (1) Sections 512(b)(10) and 805(b)(2)(A) of  
16 such Code are each amended by striking “10 per-  
17 cent” each place it occurs and inserting “the appli-  
18 cable percentage (determined under section  
19 170(b)(3))”.

20 (2) Sections 545(b)(2) and 556(b)(2) of such  
21 Code are each amended by striking “10-percent limi-



1 tation” and inserting “applicable percentage limita-  
2 tion”.

3 (d) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2001.

6 **SEC. 104. CHARITABLE DEDUCTION FOR CONTRIBUTIONS**  
7 **OF FOOD INVENTORY.**

8 (a) IN GENERAL.—Paragraph (3) of section 170(e)  
9 of the Internal Revenue Code of 1986 (relating to special  
10 rule for certain contributions of inventory and other prop-  
11 erty) is amended by redesignating subparagraph (C) as  
12 subparagraph (D) and by inserting after subparagraph  
13 (B) the following new subparagraph:

14 “(C) SPECIAL RULE FOR CONTRIBUTIONS  
15 OF FOOD INVENTORY.—

16 “(i) GENERAL RULE.—In the case of  
17 a charitable contribution of food, this para-  
18 graph shall be applied—

19 “(I) without regard to whether  
20 the contribution is made by a C cor-  
21 poration, and

22 “(II) only for food that is appar-  
23 ently wholesome food.

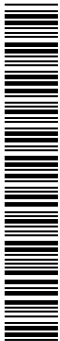
24 “(ii) DETERMINATION OF FAIR MAR-  
25 KET VALUE.—In the case of a qualified



1 contribution of apparently wholesome food  
2 to which this paragraph applies and which,  
3 solely by reason of internal standards of  
4 the taxpayer or lack of market, cannot or  
5 will not be sold, the fair market value of  
6 such food shall be determined by taking  
7 into account the price at which the same  
8 or similar food items are sold by the tax-  
9 payer at the time of the contribution (or,  
10 if not so sold at such time, in the recent  
11 past).

12 “(iii) APPARENTLY WHOLESOME  
13 FOOD.—For purposes of this subpara-  
14 graph, the term ‘apparently wholesome  
15 food’ shall have the meaning given to such  
16 term by section 22(b)(2) of the Bill Emer-  
17 son Good Samaritan Food Donation Act  
18 (42 U.S.C. 1791(b)(2)), as in effect on the  
19 date of the enactment of this subpara-  
20 graph.”.

21 (b) EFFECTIVE DATE.—The amendment made by  
22 subsection (a) shall apply to taxable years beginning after  
23 December 31, 2001.



1 **SEC. 105. REFORM OF EXCISE TAX ON NET INVESTMENT IN-**  
2 **COME OF PRIVATE FOUNDATIONS.**

3 (a) IN GENERAL.—Subsection (a) of section 4940 of  
4 the Internal Revenue Code of 1986 (relating to excise tax  
5 based on investment income) is amended by striking “2  
6 percent” and inserting “1 percent”.

7 (b) REPEAL OF REDUCTION IN TAX WHERE PRI-  
8 VATE FOUNDATION MEETS CERTAIN DISTRIBUTION RE-  
9 QUIREMENTS.—Section 4940 of such Code is amended by  
10 striking subsection (e).

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 2001.

14 **SEC. 106. EXCISE TAX ON UNRELATED BUSINESS TAXABLE**  
15 **INCOME OF CHARITABLE REMAINDER**  
16 **TRUSTS.**

17 (a) IN GENERAL.—Subsection (c) of section 664 of  
18 the Internal Revenue Code of 1986 (relating to exemption  
19 from income taxes) is amended to read as follows:

20 “(c) TAXATION OF TRUSTS.—

21 “(1) INCOME TAX.—A charitable remainder an-  
22 nuity trust and a charitable remainder unitrust  
23 shall, for any taxable year, not be subject to any tax  
24 imposed by this subtitle.

25 “(2) EXCISE TAX.—





1           “(A) IN GENERAL.—In the case of a chari-  
2           table remainder annuity trust or a charitable  
3           remainder unitrust that has unrelated business  
4           taxable income (within the meaning of section  
5           512, determined as if part III of subchapter F  
6           applied to such trust) for a taxable year, there  
7           is hereby imposed on such trust or unitrust an  
8           excise tax equal to the amount of such unre-  
9           lated business taxable income.

10           “(B) CERTAIN RULES TO APPLY.—The tax  
11           imposed by subparagraph (A) shall be treated  
12           as imposed by chapter 42 for purposes of this  
13           title other than subchapter E of chapter 42.

14           “(C) CHARACTER OF DISTRIBUTIONS AND  
15           COORDINATION WITH DISTRIBUTION REQUIRE-  
16           MENTS.—The amounts taken into account in  
17           determining unrelated business taxable income  
18           (as defined in subparagraph (A)) shall not be  
19           taken into account for purposes of—

20                   “(i) subsection (b),

21                   “(ii) determining the value of trust  
22                   assets under subsection (d)(2), and

23                   “(iii) determining income under sub-  
24                   section (d)(3).



1           “(D) TAX COURT PROCEEDINGS.—For  
2           purposes of this paragraph, the references in  
3           section 6212(c)(1) to section 4940 shall be  
4           deemed to include references to this para-  
5           graph.”.

6           (b) EFFECTIVE DATE.—The amendment made by  
7           subsection (a) shall apply to taxable years beginning after  
8           December 31, 2001.

9           **SEC. 107. EXPANSION OF CHARITABLE CONTRIBUTION AL-**  
10                           **LOWED FOR SCIENTIFIC PROPERTY USED**  
11                           **FOR RESEARCH AND FOR COMPUTER TECH-**  
12                           **NOLOGY AND EQUIPMENT USED FOR EDU-**  
13                           **CATIONAL PURPOSES.**

14           (a) SCIENTIFIC PROPERTY USED FOR RESEARCH.—  
15           Clause (ii) of section 170(e)(4)(B) of the Internal Revenue  
16           Code of 1986 (defining qualified research contributions)  
17           is amended by inserting “or assembled” after “con-  
18           structed”.

19           (b) COMPUTER TECHNOLOGY AND EQUIPMENT FOR  
20           EDUCATIONAL PURPOSES.—Clause (ii) of section  
21           170(e)(6)(B) of such Code is amended by inserting “or  
22           assembled” after “constructed” and “or assembling” after  
23           “construction”.

24           (c) CONFORMING AMENDMENT.—Subparagraph (D)  
25           of section 170(e)(6) of such Code is amended by inserting



1 “or assembled” after “constructed” and “or assembling”  
2 after “construction”.

3 (d) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2001.

6 **SEC. 108. ADJUSTMENT TO BASIS OF S CORPORATION**  
7 **STOCK FOR CERTAIN CHARITABLE CON-**  
8 **TRIBUTIONS.**

9 (a) IN GENERAL.—Paragraph (1) of section 1367(a)  
10 of such Code (relating to adjustments to basis of stock  
11 of shareholders, etc.) is amended by striking “and” at the  
12 end of subparagraph (B), by striking the period at the  
13 end of subparagraph (C) and inserting “, and”, and by  
14 adding at the end the following new subparagraph:

15 “(D) the excess of the amount of the  
16 shareholder’s deduction for any charitable con-  
17 tribution made by the S corporation over the  
18 shareholder’s proportionate share of the ad-  
19 justed basis of the property contributed.”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2001.



1 **SEC. 109. REVENUE OFFSET.**

2 (a) IN GENERAL.—Paragraph (2) of section 1(i) of  
3 the Internal Revenue Code of 1986 (relating to reductions  
4 in rates after June 30, 2001) is amended—

5 (1) by striking “38.6” and inserting “38.8”,

6 (2) by striking “37.6” and inserting “37.8”,

7 and

8 (3) by striking “35” and inserting “35.5”.

9 (b) EFFECTIVE DATE.—The amendments made by  
10 subsection (a) shall apply to taxable years beginning after  
11 December 31, 2001.

12 **TITLE II—EXPANSION OF**  
13 **CHARITABLE CHOICE**

14 **SEC. 201. PROVISION OF ASSISTANCE UNDER GOVERN-**  
15 **MENT PROGRAMS BY RELIGIOUS AND COM-**  
16 **MUNITY ORGANIZATIONS.**

17 Title XXIV of the Revised Statutes of the United  
18 States is amended by inserting after section 1990 (42  
19 U.S.C. 1994) the following:

20 **“SEC. 1991. CHARITABLE CHOICE.**

21 “(a) SHORT TITLE.—This section may be cited as the  
22 ‘Charitable Choice Act of 2001’.

23 “(b) PURPOSES.—The purposes of this section are—

24 “(1) to enable assistance to be provided to indi-  
25 viduals and families in need in the most effective  
26 and efficient manner;



1           “(2) to supplement the Nation’s social service  
2           capacity by facilitating the entry of new, and the ex-  
3           pansion of existing, efforts by religious and other  
4           community organizations in the administration and  
5           distribution of government assistance under the gov-  
6           ernment programs described in subsection (c)(4);

7           “(3) to prohibit discrimination against religious  
8           organizations on the basis of religion in the adminis-  
9           tration and distribution of government assistance  
10          under such programs;

11          “(4) to allow religious organizations to partici-  
12          pate in the administration and distribution of such  
13          assistance without impairing the religious character  
14          and autonomy of such organizations; and

15          “(5) to protect the religious freedom of individ-  
16          uals and families in need who are eligible for govern-  
17          ment assistance, including expanding the possibility  
18          of their being able to choose to receive services from  
19          a religious organization providing such assistance.

20          “(c) RELIGIOUS ORGANIZATIONS INCLUDED AS PRO-  
21          VIDERS; DISCLAIMERS.—

22                 “(1) IN GENERAL.—

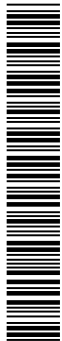
23                         “(A) INCLUSION.—For any program de-  
24                         scribed in paragraph (4) that is carried out by  
25                         the Federal Government, or by a State or local



1 government with Federal funds, the government  
2 shall consider, on the same basis as other non-  
3 governmental organizations, religious organiza-  
4 tions to provide the assistance under the pro-  
5 gram, and the program shall be implemented in  
6 a manner that is consistent with the establish-  
7 ment clause and the free exercise clause of the  
8 first amendment to the Constitution.

9 “(B) DISCRIMINATION PROHIBITED.—Nei-  
10 ther the Federal Government, nor a State or  
11 local government receiving funds under a pro-  
12 gram described in paragraph (4), shall discrimi-  
13 nate against an organization that provides as-  
14 sistance under, or applies to provide assistance  
15 under, such program on the basis that the orga-  
16 nization is religious or has a religious character.

17 “(2) FUNDS NOT AID TO RELIGION.—Federal,  
18 State, or local government funds or other assistance  
19 that is received by a religious organization for the  
20 provision of services under this section constitutes  
21 aid to individuals and families in need, the ultimate  
22 beneficiaries of such services, and not support for re-  
23 ligion or the organization’s religious beliefs or prac-  
24 tices. Notwithstanding the provisions in this para-  
25 graph, title VI of the Civil Rights Act of 1964 (42



1 USC 2000d et seq.) shall apply to organizations re-  
2 ceiving assistance funded under any program de-  
3 scribed in subsection (c)(4).

4 “(3) FUNDS NOT ENDORSEMENT OF RELI-  
5 GION.—The receipt by a religious organization of  
6 Federal, State, or local government funds or other  
7 assistance under this section is not an endorsement  
8 by the government of religion or of the organiza-  
9 tion’s religious beliefs or practices.

10 “(4) PROGRAMS.—For purposes of this section,  
11 a program is described in this paragraph—

12 “(A) if it involves activities carried out  
13 using Federal funds—

14 “(i) related to the prevention and  
15 treatment of juvenile delinquency and the  
16 improvement of the juvenile justice system,  
17 including programs funded under the Juve-  
18 nile Justice and Delinquency Prevention  
19 Act of 1974 (42 U.S.C. 5601 et seq.);

20 “(ii) related to the prevention of crime  
21 and assistance to crime victims and offend-  
22 ers’ families, including programs funded  
23 under title I of the Omnibus Crime Control  
24 and Safe Streets Act of 1968 (42 U.S.C.  
25 3701 et seq.);



1           “(iii) related to the provision of assist-  
2           ance under Federal housing statutes, in-  
3           cluding the Community Development Block  
4           Grant Program established under title I of  
5           the Housing and Community Development  
6           Act of 1974 (42 U.S.C. 5301 et seq.);

7           “(iv) under subtitle B or D of title I  
8           of the Workforce Investment Act of 1998  
9           (29 U.S.C. 2801 et seq.);

10          “(v) under the Older Americans Act  
11          of 1965 (42 U.S.C. 3001 et seq.);

12          “(vi) related to the intervention in  
13          and prevention of domestic violence, in-  
14          cluding programs under the Child Abuse  
15          Prevention and Treatment Act (42 U.S.C.  
16          5101 et seq.) or the Family Violence Pre-  
17          vention and Services Act (42 U.S.C. 10401  
18          et seq.);

19          “(vii) related to hunger relief activi-  
20          ties; or

21          “(viii) under the Job Access and Re-  
22          verse Commute grant program established  
23          under section 3037 of the Federal Transit  
24          Act of 1998 (49 U.S.C. 5309 note); or





1           “(B)(i) if it involves activities to assist stu-  
2           dents in obtaining the recognized equivalents of  
3           secondary school diplomas and activities relat-  
4           ing to nonschool hours programs, including pro-  
5           grams under—

6                   “(I) chapter 3 of subtitle A of title II  
7                   of the Workforce Investment Act of 1998  
8                   (Public Law 105–220); or

9                   “(II) part I of title X of the Elemen-  
10                  tary and Secondary Education Act (20  
11                  U.S.C. 6301 et seq.); and

12                  “(ii) except as provided in subparagraph  
13                  (A) and clause (i), does not include activities  
14                  carried out under Federal programs providing  
15                  education to children eligible to attend elemen-  
16                  tary schools or secondary schools, as defined in  
17                  section 14101 of the Elementary and Secondary  
18                  Education Act of 1965 (20 U.S.C. 8801).

19           “(d) ORGANIZATIONAL CHARACTER AND AUTON-  
20           OMY.—

21                   “(1) IN GENERAL.—A religious organization  
22                   that provides assistance under a program described  
23                   in subsection (c)(4) shall have the right to retain its  
24                   autonomy from Federal, State, and local govern-  
25                   ments, including such organization’s control over the



1 definition, development, practice, and expression of  
2 its religious beliefs.

3 “(2) ADDITIONAL SAFEGUARDS.—Neither the  
4 Federal Government, nor a State or local govern-  
5 ment with Federal funds, shall require a religious  
6 organization, in order to be eligible to provide assist-  
7 ance under a program described in subsection (c)(4),  
8 to—

9 “(A) alter its form of internal governance  
10 or provisions in its charter documents; or

11 “(B) remove religious art, icons, scripture,  
12 or other symbols, or to change its name, be-  
13 cause such symbols or names are of a religious  
14 character.

15 “(e) EMPLOYMENT PRACTICES.—A religious organi-  
16 zation’s exemption provided under section 702 of the Civil  
17 Rights Act of 1964 (42 U.S.C. 2000e-1) regarding em-  
18 ployment practices shall not be affected by its participa-  
19 tion in, or receipt of funds from, programs described in  
20 subsection (c)(4), and any provision in such programs that  
21 is inconsistent with or would diminish the exercise of an  
22 organization’s autonomy recognized in section 702 or in  
23 this section shall have no effect, except that no religious  
24 organization receiving funds through a grant or coopera-  
25 tive agreement for programs described in subsection (c)(4)



1 shall, in expending such funds allocated under such pro-  
2 gram, discriminate in employment on the basis of an em-  
3 ployee's religion, religious belief, or a refusal to hold a reli-  
4 gious belief. Nothing in this section alters the duty of a  
5 religious organization to comply with the nondiscrimina-  
6 tion provisions of title VII of the Civil Rights Act of 1964  
7 in the use of funds from programs described in subsection  
8 (c)(4).

9       “(f) EFFECT ON OTHER LAWS.—Nothing in this sec-  
10 tion shall alter the duty of a religious organization receiv-  
11 ing assistance or providing services under any program de-  
12 scribed in subsection (c)(4) to comply with the non-  
13 discrimination provisions in title VI of the Civil Rights Act  
14 of 1964 (42 U.S.C. 2000d et seq.) (prohibiting discrimina-  
15 tion on the basis of race, color, and national origin), title  
16 IX of the Education Amendments of 1972 (20 U.S.C.  
17 1681–1688) (prohibiting discrimination in education pro-  
18 grams or activities on the basis of sex and visual impair-  
19 ment), section 504 of the Rehabilitation Act of 1973 (29  
20 U.S.C. 794) (prohibiting discrimination against otherwise  
21 qualified disabled individuals), and the Age Discrimination  
22 Act of 1975 (42 U.S.C. 6101–6107) (prohibiting discrimi-  
23 nation on the basis of age).

24       “(g) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—



1           “(1) IN GENERAL.—If an individual described  
2           in paragraph (3) has an objection to the religious  
3           character of the organization from which the indi-  
4           vidual receives, or would receive, assistance funded  
5           under any program described in subsection (c)(4),  
6           the appropriate Federal, State, or local govern-  
7           mental entity shall provide to such individual (if oth-  
8           erwise eligible for such assistance) within a reason-  
9           able period of time after the date of such objection,  
10          assistance that—

11                   “(A) is an alternative that is accessible to  
12                   the individual and unobjectionable to the indi-  
13                   vidual on religious grounds; and

14                   “(B) has a value that is not less than the  
15                   value of the assistance that the individual would  
16                   have received from such organization.

17           “(2) NOTICE.—The appropriate Federal, State,  
18           or local governmental entity shall guarantee that no-  
19           tice is provided to the individuals described in para-  
20           graph (3) of the rights of such individuals under this  
21           section.

22           “(3) INDIVIDUAL DESCRIBED.—An individual  
23           described in this paragraph is an individual who re-  
24           ceives or applies for assistance under a program de-  
25           scribed in subsection (c)(4).



1       “(h) NONDISCRIMINATION AGAINST BENE-  
2 FICIARIES.—

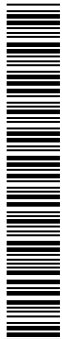
3           “(1) GRANTS AND COOPERATIVE AGREE-  
4 MENTS.—A religious organization providing assist-  
5 ance through a grant or cooperative agreement  
6 under a program described in subsection (c)(4) shall  
7 not discriminate in carrying out the program against  
8 an individual described in subsection (g)(3) on the  
9 basis of religion, a religious belief, or a refusal to  
10 hold a religious belief.

11           “(2) INDIRECT FORMS OF ASSISTANCE.—A reli-  
12 gious organization providing assistance through a  
13 voucher, certificate, or other form of indirect assist-  
14 ance under a program described in subsection (c)(4)  
15 shall not deny an individual described in subsection  
16 (g)(3) admission into such program on the basis of  
17 religion, a religious belief, or a refusal to hold a reli-  
18 gious belief.

19           “(i) LOCAL CIVIL RIGHTS LAWS.—Notwithstanding  
20 anything to the contrary in this section, nothing in this  
21 section preempts or supercedes State or local civil rights  
22 laws.

23           “(j) ACCOUNTABILITY.—

24           “(1) IN GENERAL.—Except as provided in para-  
25 graphs (2) and (3), a religious organization pro-



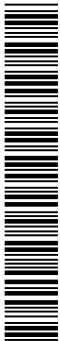
1       viding assistance under any program described in  
2       subsection (c)(4) shall be subject to the same regula-  
3       tions as other nongovernmental organizations to ac-  
4       count in accord with generally accepted accounting  
5       principles for the use of such funds and its perform-  
6       ance of such programs.

7               “(2) LIMITED AUDIT.—

8               “(A) GRANTS AND COOPERATIVE AGREE-  
9       MENTS.—A religious organization providing as-  
10       sistance through a grant or cooperative agree-  
11       ment under a program described in subsection  
12       (c)(4) shall segregate government funds pro-  
13       vided under such program into a separate ac-  
14       count or accounts. Only the separate accounts  
15       consisting of funds from the government shall  
16       be subject to audit by the government.

17               “(B) INDIRECT FORMS OF ASSISTANCE.—

18       A religious organization providing assistance  
19       through a voucher, certificate, or other form of  
20       indirect assistance under a program described  
21       in subsection (c)(4) may segregate government  
22       funds provided under such program into a sepa-  
23       rate account or accounts. If such funds are so  
24       segregated, then only the separate accounts



1           consisting of funds from the government shall  
2           be subject to audit by the government.

3           “(3) SELF AUDIT.—A religious organization  
4           providing services under any program described in  
5           subsection (c)(4) shall conduct annually a self audit  
6           for compliance with its duties under this section and  
7           submit a copy of the self audit to the appropriate  
8           Federal, State, or local government agency, along  
9           with a plan to timely correct variances, if any, iden-  
10          tified in the self audit.

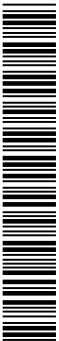
11          “(k) LIMITATIONS ON USE OF FUNDS; VOLUNTARI-  
12          NESS.—No funds provided through a grant or cooperative  
13          agreement to a religious organization to provide assistance  
14          under any program described in subsection (c)(4) shall be  
15          expended for sectarian instruction, worship, or proselytiza-  
16          tion. If the religious organization offers such an activity,  
17          it shall be voluntary for the individuals receiving services  
18          and offered separate from the program funded under sub-  
19          section (c)(4). A certificate shall be separately signed by  
20          religious organizations, and filed with the government  
21          agency that disburses the funds, certifying that the orga-  
22          nization is aware of and will comply with this subsection.  
23          No direct funds shall be provided under subsection (c)(4)  
24          to a religious organization that engages in sectarian in-



1 instruction, worship, or proselytization at the same time and  
2 place as the government funded program.

3 “(l) EFFECT ON STATE AND LOCAL FUNDS.—If a  
4 State or local government contributes State or local funds  
5 to carry out a program described in subsection (c)(4), the  
6 State or local government may segregate the State or local  
7 funds from the Federal funds provided to carry out the  
8 program or may commingle the State or local funds with  
9 the Federal funds. If the State or local government com-  
10 mingles the State or local funds, the provisions of this sec-  
11 tion shall apply to the commingled funds in the same man-  
12 ner, and to the same extent, as the provisions apply to  
13 the Federal funds.

14 “(m) TREATMENT OF INTERMEDIATE GRANTORS.—  
15 If a nongovernmental organization (referred to in this sub-  
16 section as an ‘intermediate grantor’), acting under a grant  
17 or other agreement with the Federal Government, or a  
18 State or local government with Federal funds, is given the  
19 authority under the agreement to select nongovernmental  
20 organizations to provide assistance under the programs  
21 described in subsection (c)(4), the intermediate grantor  
22 shall have the same duties under this section as the gov-  
23 ernment when selecting or otherwise dealing with  
24 subgrantors, but the intermediate grantor, if it is a reli-





1 gious organization, shall retain all other rights of a reli-  
2 gious organization under this section.

3       “(n) COMPLIANCE.—A party alleging that the rights  
4 of the party under this section have been violated by a  
5 State or local government may bring a civil action for in-  
6 junctive relief pursuant to section 1979 against the State  
7 official or local government agency that has allegedly com-  
8 mitted such violation. A party alleging that the rights of  
9 the party under this section have been violated by the Fed-  
10 eral Government may bring a civil action for injunctive  
11 relief in Federal district court against the official or gov-  
12 ernment agency that has allegedly committed such viola-  
13 tion.

14       “(o) TRAINING AND TECHNICAL ASSISTANCE FOR  
15 SMALL NONGOVERNMENTAL ORGANIZATIONS.—

16       “(1) IN GENERAL.—From amounts made avail-  
17 able to carry out the purposes of the Office of Jus-  
18 tice Programs (including any component or unit  
19 thereof, including the Office of Community Oriented  
20 Policing Services), funds are authorized to provide  
21 training and technical assistance, directly or through  
22 grants or other arrangements, in procedures relating  
23 to potential application and participation in pro-  
24 grams identified in subsection (c)(4) to small non-  
25 governmental organizations, as determined by the



1 Attorney General, including religious organizations,  
2 in an amount not to exceed \$50 million annually.

3 “(2) TYPES OF ASSISTANCE.—Such assistance  
4 may include—

5 “(A) assistance and information relative to  
6 creating an organization described in section  
7 501(c)(3) of the Internal Revenue Code of 1986  
8 to operate identified programs;

9 “(B) granting writing assistance which  
10 may include workshops and reasonable guid-  
11 ance;

12 “(C) information and referrals to other  
13 nongovernmental organizations that provide ex-  
14 pertise in accounting, legal issues, tax issues,  
15 program development, and a variety of other or-  
16 ganizational areas; and

17 “(D) information and guidance on how to  
18 comply with Federal nondiscrimination provi-  
19 sions including, but not limited to, title VI of  
20 the Civil Rights Act of 1964 (42 U.S.C. 2000d  
21 et seq.), title VII of the Civil Rights Act of  
22 1964 (42 U.S.C. 2000e et seq.), the Fair Hous-  
23 ing Act, as amended (42 U.S.C. 3601 et seq.),  
24 title IX of the Education Amendments of 1972  
25 (20 U.S.C. 1681–1688), section 504 of the Re-



1 habilitation Act of 1973 (29 U.S.C. 694), and  
 2 the Age Discrimination Act of 1975 (42 U.S.C.  
 3 6101–6107).

4 “(3) RESERVATION OF FUNDS.—An amount of  
 5 no less than \$5,000,000 shall be reserved under this  
 6 section. Small nongovernmental organizations may  
 7 apply for these funds to be used for assistance in  
 8 providing full and equal integrated access to individ-  
 9 uals with disabilities in programs under this title.

10 “(4) PRIORITY.—In giving out the assistance  
 11 described in this subsection, priority shall be given  
 12 to small nongovernmental organizations serving  
 13 urban and rural communities.”.

14 **TITLE III—INDIVIDUAL**  
 15 **DEVELOPMENT ACCOUNTS**

16 **SEC. 301. ADDITIONAL QUALIFIED ENTITIES ELIGIBLE TO**  
 17 **CONDUCT PROJECTS UNDER THE ASSETS**  
 18 **FOR INDEPENDENCE ACT.**

19 Section 404(7)(A)(iii)(I)(aa) of the Assets for Inde-  
 20 pendence Act (42 U.S.C. 604 note) is amended to read  
 21 as follows:

22 “(aa) a federally insured  
 23 credit union; or”.



1 **SEC. 302. INCREASE IN LIMITATION ON NET WORTH.**

2 Section 408(a)(2)(A) of the Assets for Independence  
3 Act (42 U.S.C. 604 note) is amended by striking  
4 “\$10,000” and inserting “\$20,000”.

5 **SEC. 303. CHANGE IN LIMITATION ON DEPOSITS FOR AN IN-**  
6 **DIVIDUAL.**

7 Section 410(b) of the Assets for Independence Act  
8 (42 U.S.C. 604 note) is amended to read as follows:

9 “(b) LIMITATION ON DEPOSITS FOR AN INDI-  
10 VIDUAL.—Not more than \$500 from a grant made under  
11 section 406(b) shall be provided per year to any one indi-  
12 vidual during the project.”.

13 **SEC. 304. ELIMINATION OF LIMITATION ON DEPOSITS FOR**  
14 **A HOUSEHOLD.**

15 Section 410 of the Assets for Independence Act (42  
16 U.S.C. 604 note) is amended by striking subsection (c)  
17 and redesignating subsections (d) and (e) as subsections  
18 (c) and (d), respectively.

19 **SEC. 305. EXTENSION OF PROGRAM.**

20 Section 416 of the Assets for Independence Act (42  
21 U.S.C. 604 note) is amended by striking “2001, 2002, and  
22 2003” and inserting “and 2001, and \$50,000,000 for each  
23 of fiscal years 2002 through 2008”.

24 **SEC. 306. CONFORMING AMENDMENTS.**

25 (a) AMENDMENTS TO TEXT.—The text of each of the  
26 following provisions of the Assets for Independence Act



1 (42 U.S.C. 604 note) is amended by striking “demonstra-  
2 tion” each place it appears:

- 3 (1) Section 403.
- 4 (2) Section 404(2).
- 5 (3) Section 405(a).
- 6 (4) Section 405(b).
- 7 (5) Section 405(c).
- 8 (6) Section 405(d).
- 9 (7) Section 405(e).
- 10 (8) Section 405(g).
- 11 (9) Section 406(a).
- 12 (10) Section 406(b).
- 13 (11) Section 407(b)(1)(A).
- 14 (12) Section 407(c)(1)(A).
- 15 (13) Section 407(c)(1)(B).
- 16 (14) Section 407(c)(1)(C).
- 17 (15) Section 407(c)(1)(D).
- 18 (16) Section 407(d).
- 19 (17) Section 408(a).
- 20 (18) Section 408(b).
- 21 (19) Section 409.
- 22 (20) Section 410(e).
- 23 (21) Section 411.
- 24 (22) Section 412(a).
- 25 (23) Section 412(b)(2).



1 (24) Section 412(c).

2 (25) Section 413(a).

3 (26) Section 413(b).

4 (27) Section 414(a).

5 (28) Section 414(b).

6 (29) Section 414(c).

7 (30) Section 414(d)(1).

8 (31) Section 414(d)(2).

9 (b) AMENDMENTS TO SUBSECTION HEADINGS.—The  
10 heading of each of the following provisions of the Assets  
11 for Independence Act (42 U.S.C. 604 note) is amended  
12 by striking “DEMONSTRATION”:

13 (1) Section 405(a).

14 (2) Section 406(a).

15 (3) Section 413(a).

16 (c) AMENDMENTS TO SECTION HEADINGS.—The  
17 headings of sections 406 and 411 of the Assets for Inde-  
18 pendence Act (42 U.S.C. 604 note) are amended by strik-  
19 ing “**DEMONSTRATION**”.

20 **SEC. 307. APPLICABILITY.**

21 (a) IN GENERAL.—The amendments made by this  
22 title shall apply to funds provided before, on or after the  
23 date of the enactment of this Act.

24 (b) PRIOR AMENDMENTS.—The amendments made  
25 by title VI of the Departments of Labor, Health and



1 Human Services, and Education, and Related Agencies  
2 Appropriations Act, 2001 (as enacted into law by Public  
3 Law 106-554) shall apply to funds provided before, on  
4 or after the date of the enactment of such Act.

