

104TH CONGRESS
1ST SESSION

S. 846

To amend the Internal Revenue Code of 1986 to allow a tax credit for charitable contributions to certain private charities providing assistance to the poor thereby improving Federal welfare efforts through increased charitable activity, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 23 (legislative day, MAY 15), 1995

Mr. ASHCROFT (for himself, Mr. COVERDELL, Mr. CRAIG, Mr. DEWINE, Mr. SMITH, Mr. INHOFE, and Mr. KEMPTHORNE) 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 charitable contributions to certain private charities providing assistance to the poor thereby improving Federal welfare efforts through increased charitable activity, and for other purposes.

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 “Charitable Volunteers
5 Tax Credit Incentive Act of 1995”.

1 **SEC. 2. CREDIT FOR CHARITABLE CONTRIBUTIONS TO CER-**
2 **TAIN PRIVATE CHARITIES PROVIDING AS-**
3 **SISTANCE TO THE POOR.**

4 (a) IN GENERAL.—Subpart A of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 (relating to nonrefundable personal credits) is
7 amended by inserting after section 22 the following new
8 section:

9 **“SEC. 23. CREDIT FOR CERTAIN CHARITABLE CONTRIBU-**
10 **TIONS.**

11 “(a) IN GENERAL.—In the case of an eligible tax-
12 payer, there shall be allowed as a credit against the tax
13 imposed by this chapter for the taxable year an amount
14 equal to so much of the qualified charitable contributions
15 which are paid by the taxpayer to 1 qualified charity as
16 do not exceed \$500.

17 “(b) ELIGIBLE TAXPAYER.—For purposes of this
18 section, the term ‘eligible taxpayer’ means any individual
19 who has worked at least 50 hours at the qualified charity
20 identified under subsection (c) during the taxable year.

21 “(c) QUALIFIED CHARITABLE CONTRIBUTION.—For
22 the purposes of this section, the term ‘qualified charitable
23 contribution’ means any charitable contribution (as de-
24 fined in section 170(c)) made in cash, but only if the
25 amount of such contribution, the qualified charity, and the
26 number of hours worked by the taxpayer at the qualified

1 charity are identified on the return for the taxable year
2 during which such contribution is made.

3 “(d) QUALIFIED CHARITY.—

4 “(1) IN GENERAL.—For purposes of this sec-
5 tion, the term ‘qualified charity’ means, with respect
6 to the taxpayer, any organization described in sec-
7 tion 501(c)(3) and exempt from tax under section
8 501(a)—

9 “(A) which is certified by the Secretary as
10 meeting the requirements of paragraphs (2)
11 and (3); and

12 “(B) which is organized under the laws of
13 a State at the time the contribution is made
14 and is exempt from income taxation (if any) by
15 such State.

16 “(2) CHARITY MUST PRIMARILY ASSIST THE
17 POOR.—An organization meets the requirements of
18 this paragraph only if the predominant activity of
19 such organization is the provision of services to indi-
20 viduals whose annual incomes do not exceed 150
21 percent of the official poverty line (as defined by the
22 Office of Management and Budget).

23 “(3) MINIMUM EXPENDITURE REQUIREMENT.—

24 “(A) IN GENERAL.—An organization meets
25 the requirements of this paragraph only if the

1 Secretary reasonably expects that the annual
2 exempt purpose expenditures of such organiza-
3 tion will not be less than 70 percent of the an-
4 nual aggregate expenditures of such organiza-
5 tion.

6 “(B) EXEMPT PURPOSE EXPENDITURE.—

7 For purposes of subparagraph A—

8 “(i) IN GENERAL.—The term ‘exempt
9 purpose expenditure’ means any expendi-
10 ture to carry out the activity referred to in
11 paragraph (2).

12 “(ii) EXCEPTIONS.—Such term shall
13 not include—

14 “(I) any administrative expense;

15 “(II) any expenses for the pur-
16 pose of influencing legislation (as de-
17 fined in section 4911(d));

18 “(III) any expense primarily for
19 the purpose of fundraising; and

20 “(IV) any expense for a legal
21 service provided on behalf of any indi-
22 vidual referred to in paragraph (2).

23 “(e) DONOR MAY NOT HAVE FINANCIAL INTEREST
24 IN CHARITY.—

1 “(1) IN GENERAL.—No credit shall be allowed
2 under this section for any contribution made to an
3 organization if the donor or any member of the do-
4 nor’s family is an officer or employee of such organi-
5 zation.

6 “(2) SELF-DEALING.—To the extent provided
7 by the Secretary by regulation, no credit shall be al-
8 lowed under this section for any contribution made
9 to an organization if—

10 “(A) the donor,

11 “(B) any member of the family of the
12 donor, or

13 “(C) any thirty-five percent controlled en-
14 tity of persons described in subparagraph (A)
15 or (B), engages in significant activities with re-
16 spect to such organization which are a type de-
17 scribed in section 4941(d) (relating to self-deal-
18 ing).

19 “(3) 35-PERCENT CONTROLLED ENTITY.—

20 “(A) IN GENERAL.—For purposes of para-
21 graph (2), the term ‘35-percent controlled en-
22 tity’ means—

23 “(i) a corporation in which persons
24 described in subparagraph (A) or (B) of

1 paragraph (2) own more than 35 percent
2 of the combined voting power,

3 “(ii) a partnership in which such per-
4 sons own more than 35 percent of the
5 profits interest, and

6 “(iii) a trust or estate in which such
7 persons own more than 35 percent of the
8 beneficial interest.

9 “(B) CONSTRUCTIVE OWNERSHIP
10 RULES.—Rules similar to the rules of para-
11 graphs (3) and (4) of section 4946(a) shall
12 apply for purposes of this paragraph.

13 “(4) MEMBER OF THE FAMILY.—For the pur-
14 poses of this subsection, the members of an individ-
15 ual’s family shall be determined under section
16 4946(d).

17 “(f) COORDINATION WITH DEDUCTION FOR CHARI-
18 TABLE CONTRIBUTIONS.—

19 “(1) CREDIT IN LIEU OF DEDUCTIONS.—The
20 credit provided by subsection (a) for any qualified
21 charitable deduction shall be in lieu of any deduction
22 otherwise allowable under this chapter for such con-
23 tribution.

1 “(2) ELECTION TO HAVE THIS SECTION NOT
2 APPLY.—A taxpayer may elect for any taxable year
3 to have this section not apply.”.

4 (b) QUALIFIED CHARITIES REQUIRED TO PROVIDE
5 COPIES OF ANNUAL RETURN.—Subsection (e) of section
6 6104 of such code (relating to public inspection of certain
7 annual returns and applications for exemption) is amend-
8 ed by adding at the end the following new paragraph:

9 “(3) CHARITIES RECEIVING CREDITABLE CON-
10 TRIBUTIONS REQUIRED TO PROVIDE COPIES OF AN-
11 NUAL RETURN.—

12 “(A) IN GENERAL.—Every qualified char-
13 ity (as defined in section 23(d)) shall, upon re-
14 quest of an individual made at an office where
15 such organization’s annual return filed under
16 section 6033 is required under paragraph (1) to
17 be available for inspection, shall provide a copy
18 of such return to such individual without charge
19 other than a reasonable fee for any reproduc-
20 tion and mailing costs. If the request is made
21 in person, such copies shall be provided imme-
22 diately and, if made other than in person, shall
23 be provided within 30 days.

24 “(B) PERIOD OF AVAILABILITY.—Subpara-
25 graph (A) shall only apply during the 3-year pe-

1 riod beginning on the filing date (as defined in
2 paragraph (1)(D) of the return requested).”.

3 (c) CLERICAL AMENDMENT.—The table of sections
4 for subpart A of part IV of subchapter A of chapter of
5 such Code is amended by inserting after the item relating
6 to section 22 the following new item:

“Sec. 23. Credit for certain charitable contributions.”.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to contributions made and work
9 performed after the 90th day after the date of the enact-
10 ment of this Act, in taxable years ending after such date.

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