

104TH CONGRESS
1ST SESSION

H. R. 1768

To amend the Internal Revenue Code of 1986 to provide a credit for charitable contributions to fight poverty, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 7, 1995

Mr. KNOLLENBERG (for himself, Mr. KOLBE, Mr. BARTLETT of Maryland, Mr. EWING, Ms. MOLINARI, and Mr. UPTON) 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 provide a credit for charitable contributions to fight poverty, 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 “Choice in Welfare Tax
5 Credit 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 individual,
12 there shall be allowed as a credit against the tax imposed
13 by this chapter for the taxable year an amount equal to
14 the qualified charitable contributions which are paid by
15 the taxpayer during the taxable year.

16 “(b) LIMITATION.—The credit allowed by subsection
17 (a) for the taxable year shall not exceed \$100 (\$200 in
18 the case of a joint return).

19 “(c) QUALIFIED CHARITABLE CONTRIBUTION.—For
20 purposes of this section, the term ‘qualified charitable con-
21 tribution’ means any charitable contribution (as defined
22 in section 170(c)) made in cash to a qualified charity but
23 only if the amount of each such contribution, and the re-
24 cipient thereof, are identified on the return for the taxable
25 year during which such contribution is made.

26 “(d) QUALIFIED CHARITY.—

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

6 “(A) which is certified by the Secretary as
7 meeting the requirements of paragraphs (2)
8 and (3),

9 “(B) which is organized under the laws of
10 the United States or of any State in which the
11 organization is qualified to operate, and

12 “(C) which is required, or elects to be
13 treated as being required, to file returns under
14 section 6033.

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

22 “(3) MINIMUM EXPENDITURE REQUIREMENT.—

23 “(A) IN GENERAL.—An organization meets
24 the requirements of this paragraph only if the
25 Secretary reasonably expects that the annual

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

5 “(B) EXEMPT PURPOSE EXPENDITURE.—
6 For purposes of subparagraph (A)—

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

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

13 “(I) any administrative expense,

14 “(II) any expense for the purpose
15 of influencing legislation (as defined
16 in section 4911(d)),

17 “(III) any expense primarily for
18 the purpose of fundraising, and

19 “(IV) any expense for litigation
20 on behalf of any individual referred to
21 in paragraph (2).

22 “(e) TIME WHEN CONTRIBUTIONS DEEMED
23 MADE.—For purposes of this section, at the election of
24 the taxpayer, a contribution which is made not later than
25 the time prescribed by law for filing the return for the

1 taxable year (not including extensions thereof) shall be
2 treated as made on the last day of such taxable year.

3 “(f) COORDINATION WITH DEDUCTION FOR CHARITABLE CONTRIBUTIONS.—

4
5 “(1) CREDIT IN LIEU OF DEDUCTION.—The
6 credit provided by subsection (a) for any qualified
7 charitable contribution shall be in lieu of any deduc-
8 tion otherwise allowable under this chapter for such
9 contribution.

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

13 (b) QUALIFIED CHARITIES REQUIRED TO PROVIDE
14 COPIES OF ANNUAL RETURN.—Subsection (e) of section
15 6104 of such Code (relating to public inspection of certain
16 annual returns and applications for exemption) is amend-
17 ed by adding at the end the following new paragraph:

18 “(3) CHARITIES RECEIVING CREDITABLE CON-
19 TRIBUTIONS REQUIRED TO PROVIDE COPIES OF AN-
20 NUAL RETURN.—

21 “(A) IN GENERAL.—Every qualified char-
22 ity (as defined in section 23(d)) shall, upon re-
23 quest of an individual made at an office where
24 such organization’s annual return filed under
25 section 6033 is required under paragraph (1) to

1 be available for inspection, provide a copy of
2 such return to such individual without charge
3 other than a reasonable fee for any reproduc-
4 tion and mailing costs. If the request is made
5 in person, such copies shall be provided imme-
6 diately and, if made other than in person, shall
7 be provided within 30 days.

8 “(B) PERIOD OF AVAILABILITY.—Subpara-
9 graph (A) shall apply only during the 3-year pe-
10 riod beginning on the filing date (as defined in
11 paragraph (1)(D) of the return requested).”

12 (c) CLERICAL AMENDMENT.—The table of sections
13 for subpart A of part IV of subchapter A of chapter 1
14 of such Code is amended by inserting after the item relat-
15 ing to section 22 the following new item:

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

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to contributions made after the
18 90th day after the date of the enactment of this Act in
19 taxable years ending after such date.

20 **SEC. 3. REPEAL OF CERTAIN CHANGES MADE IN THE**
21 **EARNED INCOME CREDIT.**

22 (a) REPEAL OF CREDIT FOR INDIVIDUALS WITHOUT
23 CHILDREN.—Subparagraph (A) of section 32(c)(1) of the
24 Internal Revenue Code of 1986 (defining eligible individ-
25 ual) is amended to read as follows:

1 “(A) IN GENERAL.—The term ‘eligible in-
 2 dividual’ means any individual who has a quali-
 3 fying child for the taxable year.”

4 (b) REPEAL OF INCREASES IN AMOUNT OF CRED-
 5 IT.—

6 (1) Subsection (b) of section 32 of such Code
 7 is amended to read as follows:

8 “(b) PERCENTAGES.—

9 “(1) IN GENERAL.—The credit percentage and
 10 the phaseout percentage shall be determined as
 11 follows:

“In the case of an eligible individ- ual with:	The credit percentage is:	The phaseout percentage is:
1 qualifying child	34	15.98
2 or more qualifying children ..	36	20.22

12 “(2) AMOUNTS.—The earned income amount
 13 and the phaseout amount shall be determined as
 14 follows:

“In the case of an eligible individ- ual with:	The earned income amount is:	The phaseout amount is:
1 qualifying child	\$6,000	\$11,000
2 or more qualifying children ..	\$8,425	\$11,000.”

15 (2) Paragraph (1) of section 32(i) of such Code
 16 is amended by striking “subsection (b)(2)(A)” and
 17 inserting “subsection (b)(2)”.

18 (c) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to taxable years beginning after
 20 December 31, 1995, except that adjustments shall be

1 made under section 32(i) of the Internal Revenue Code
2 of 1986 to the section 32(b)(2) of such Code (as amended
3 by this section) for such taxable years.

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