

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> 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.

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## 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

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## 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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