

108TH CONGRESS  
1ST SESSION

# H. R. 1672

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

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IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 2003

Mr. KOLBE (for himself and Mr. KNOLLENBERG) 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.

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 “Tax Credit for Chari-  
5 table Contributions Act of 2003”.

6 **SEC. 2. CREDIT FOR CHARITABLE CONTRIBUTIONS TO CER-**  
7 **TAIN PRIVATE CHARITIES PROVIDING AS-**  
8 **SISTANCE TO THE POOR.**

9 (a) IN GENERAL.—Subpart A of part IV of sub-  
10 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to nonrefundable personal credits) is  
2 amended by inserting after section 25B the following new  
3 section:

4 **“SEC. 25C. CREDIT FOR CERTAIN CHARITABLE CONTRIBU-**  
5 **TIONS.**

6 “(a) IN GENERAL.—In the case of an individual,  
7 there shall be allowed as a credit against the tax imposed  
8 by this chapter for the taxable year an amount equal to  
9 the qualified charitable contributions which are paid by  
10 the taxpayer during the taxable year.

11 “(b) LIMITATION.—The credit allowed by subsection  
12 (a) for the taxable year shall not exceed \$100 (twice such  
13 amount in the case of a joint return).

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

21 “(d) QUALIFIED CHARITY.—

22 “(1) IN GENERAL.—For purposes of this sec-  
23 tion, the term ‘qualified charity’ means, with respect  
24 to the taxpayer, any organization described in sec-

1       tion 501(c)(3) and exempt from tax under section  
2       501(a)—

3               “(A) which is certified by the Secretary as  
4               meeting the requirements of paragraphs (2)  
5               and (3),

6               “(B) which is organized under the laws of  
7               the United States or of any State in which the  
8               organization is qualified to operate, and

9               “(C) which is required, or elects to be  
10              treated as being required, to file returns under  
11              section 6033.

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

19             “(3) MINIMUM EXPENDITURE REQUIREMENT.—

20               “(A) IN GENERAL.—An organization meets  
21               the requirements of this paragraph only if the  
22               Secretary reasonably expects that the annual  
23               exempt purpose expenditures of such organiza-  
24               tion will not be less than 70 percent of the an-

1           nual aggregate expenditures of such organiza-  
2           tion.

3           “(B) EXEMPT PURPOSE EXPENDITURE.—

4           For purposes of subparagraph (A)—

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

9                   “(ii) EXCEPTIONS.—Such term shall  
10                  not include—

11                           “(I) any administrative expense,

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

15                           “(III) any expense primarily for  
16                           the purpose of fundraising, and

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

20           “(e) TIME WHEN CONTRIBUTIONS DEEMED

21 MADE.—For purposes of this section, at the election of  
22 the taxpayer, a contribution which is made not later than  
23 the time prescribed by law for filing the return for the  
24 taxable year (not including extensions thereof) shall be  
25 treated as made on the last day of such taxable year.

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

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

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

11      “(g) MAXIMUM AMOUNT OF CREDIT ADJUSTED FOR  
12      INFLATION.—In the case of any taxable year beginning  
13      in a calendar year after 2003, the \$100 amount contained  
14      in subsection (b) shall be increased by an amount equal  
15      to—

16             “(1) such dollar amount, multiplied by

17             “(2) the cost-of-living adjustment determined  
18             under section 1(f)(3) for the calendar year in which  
19             the taxable year begins, determined by substituting  
20             ‘calendar year 2002’ for ‘calendar year 1992’ in sub-  
21             paragraph (B) thereof.

22      Any increase determined under the preceding sentence  
23      shall be rounded to the nearest multiple of \$5.”

24      (b) CLERICAL AMENDMENT.—The table of sections  
25      for subpart A of part IV of subchapter A of chapter 1

1 of such Code is amended by inserting after the item relat-  
2 ing to section 25B the following new item:

“Sec. 25C. Credit for certain charitable contributions.”

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to contributions made after the  
5 90th day after the date of the enactment of this Act in  
6 taxable years ending after such date.

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