

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 1165

Short Title: Incentives to Increase Charitable Giving.

(Public)

Sponsors: Representatives McMahan, Bowie, Culpepper, Daughtry, Dickson, Nye; Aldridge, Alexander, Allred, Baker, Brawley, J. Brown, Buchanan, Cocklereece, Crawford, Cummings, Decker, Eddins, Gardner, Grady, Hiatt, Hill, Howard, Ives, Justus, Kiser, McComas, G. Miller, Pate, Preston, Rayfield, Sexton, Sharpe, Shubert, Thompson, Tolson, Watson, and Weatherly.

Referred to: Finance.

May 15, 1996

A BILL TO BE ENTITLED

AN ACT TO INCREASE GIVING TO CHARITABLE NONPROFIT ORGANIZATIONS BY EXEMPTING FROM SALES AND USE TAX TANGIBLE PERSONAL PROPERTY THAT IS MANUFACTURED OR PURCHASED FOR RESALE BY A WHOLESALE MERCHANT OR A RETAILER AND THEN DONATED TO A CHARITABLE NONPROFIT ORGANIZATION, BY EXPANDING THE STATE CORPORATE INCOME TAX DEDUCTION FOR CHARITABLE CONTRIBUTIONS, AND BY PROVIDING AN INCOME TAX CREDIT FOR CERTAIN CHARITABLE CONTRIBUTIONS BY INDIVIDUALS WHO CANNOT DEDUCT THE CONTRIBUTIONS BECAUSE THEY DO NOT ITEMIZE.

The General Assembly of North Carolina enacts:

PART I. SALES TAX.

Section 1.1. G.S. 105-164.13 is amended by adding a new subdivision to read:

1 A taxpayer who elects the standard deduction under section 63 of the Code for federal
2 tax purposes is allowed as a credit against the tax imposed by this Division an amount
3 equal to seven percent (7%) of the taxpayer's excess charitable contributions. The
4 taxpayer's excess charitable contributions are the amount by which the taxpayer's
5 charitable contributions for the taxable year that would have been deductible under
6 section 170 of the Code if the taxpayer had not elected the standard deduction exceed two
7 percent (2%) of the taxpayer's adjusted gross income as calculated under the Code.

8 No credit shall be allowed under this section for amounts deducted from gross income
9 in calculating taxable income under the Code or for contributions for which a credit was
10 claimed under G.S. 105-151.12 or G.S. 105-151.14. A nonresident or part-year resident
11 who claims the credit allowed by this section shall reduce the amount of the credit by
12 multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as
13 appropriate. The credit allowed under this section may not exceed the amount of tax
14 imposed by this Division for the taxable year reduced by the sum of all credits allowed,
15 except payments of tax made by or on behalf of the taxpayer."

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17 **PART IV. EFFECTIVE DATES.**

18 Sec. 4.1. Parts II and III of this act are effective for taxable years beginning on
19 or after January 1, 1997. The remainder of this act is effective upon ratification.