

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 166\*

Short Title: Expand Corporate Charitable Deduction.

(Public)

Sponsors: Senators Hoyle; and Carpenter.

Referred to: Finance.

February 17, 1997

A BILL TO BE ENTITLED

AN ACT TO INCREASE GIVING TO CHARITABLE NONPROFIT ORGANIZATIONS BY EXPANDING THE STATE CORPORATE INCOME TAX DEDUCTION FOR CHARITABLE CONTRIBUTIONS.

The General Assembly of North Carolina enacts:

Section 1. G. S. 105-130.9 reads as rewritten:

"§ 105-130.9. Contributions.

~~Contributions shall be allowed as a deduction to the extent and in the manner provided as follows:~~ (a) North Carolina Corporations. – Corporations that do not allocate a part of their total net income outside this State may deduct the following contributions to the extent allowed in this section:

- (1) Most Charitable Contributions. – Charitable contributions as defined in section 170(c) of the Code, exclusive of other than contributions allowed in subdivision (2) of this section, shall be allowed as a deduction to the extent provided herein. The amount allowed as a deduction hereunder shall be limited to an amount not in excess of five percent (5%) up to a maximum deduction of ten percent (10%) of the corporation's net income as computed without the benefit of this subdivision or subdivision (2) of this section. Provided, that a carryover of contributions shall not be allowed and that contributions made to North Carolina donees by corporations

1 allocating a part of their total net income outside this State shall not be  
2 allowed under this subdivision, but shall be allowed under subdivision (3) of  
3 this section.

- 4 (2) Contributions to North Carolina Governments and Educational  
5 Institutions. – Contributions by ~~any corporation~~ to the following entities:  
6 the State of North Carolina, any of its institutions, instrumentalities, or  
7 agencies, any county of this State, its institutions, instrumentalities, or  
8 agencies, any municipality of this State, its institutions,  
9 instrumentalities, or agencies, and ~~contributions or gifts by any corporation~~  
10 ~~to~~ any educational institutions located within North Carolina, no part of  
11 the net earnings of which inures to the benefit of any private  
12 stockholders or dividend. For the purpose of this subdivision, the words  
13 term 'educational institution' shall mean includes only an educational  
14 institution which that normally maintains a regular faculty and  
15 curriculum and normally has a regularly organized body of students in  
16 attendance at the place where the educational activities are carried on.  
17 The words 'educational institution' shall be deemed to include all of such  
18 term includes all of the institution's departments, schools schools, and  
19 colleges, a group of 'educational institutions' educational institutions, and  
20 an organization (corporation, trust, foundation, association or other entity)  
21 organized and operated exclusively to receive, hold, invest invest, and  
22 administer property and to make expenditures to or for the sole benefit  
23 of an 'educational institution' or group of 'educational institutions.'  
24 educational institution.

25 (3)

26 (b) Interstate Corporations. – Corporations allocating a part of their total net  
27 income outside North Carolina under ~~the provisions of G.S. 105-130.4 shall may~~ deduct  
28 from total income allocable to North Carolina contributions made to North Carolina  
29 donees qualified under ~~subdivisions (1) and (2) of this section~~ subdivision (1) or (2) of  
30 subsection (a) of this section or made through North Carolina offices or branches of other  
31 donees qualified under the above-mentioned those subdivisions of this section; provided, such  
32 subdivisions. The deduction for contributions made to North Carolina donees qualified  
33 under subdivision (1) of this section shall be limited in amount to five percent (5%) may not  
34 exceed ten percent (10%) of the total income allocated to North Carolina as computed  
35 without the benefit of this deduction for contributions. subsection.

36 Corporations allocating a part of their total net income outside North Carolina may  
37 deduct from net income before allocation under G.S. 105-130.4 contributions made to  
38 other donees qualified under subdivision (1) of subsection (a) of this section. This  
39 deduction may not exceed ten percent (10%) of the corporation's net income before  
40 allocation under G.S. 105-130.4, as computed without the benefit of this subsection.

41 (c) Carryforward. – If a corporation's deductions allowed under subdivision (a)(1)  
42 or subsection (b) of this section exceed the applicable percentage limitation, the  
43 corporation may carry the excess forward for the succeeding five years to the extent the

1 amounts carried forward under this subsection plus the amounts deductible under  
2 subdivision (a)(1) or subsection (b) of this section for each taxable year do not exceed the  
3 percentage limitation for that taxable year. Amounts deductible under subdivision (a)(1)  
4 or subsection (b) of this section for the current taxable year shall be taken into account  
5 before amounts carried forward under this subsection.

6           (4) The  
7           (d) Double Benefit Disallowed. – The amount of a contribution for which the  
8 taxpayer claimed a tax credit pursuant to G.S. 105-130.34 shall not be eligible for a  
9 deduction under this section. The amount of the credit claimed with respect to the  
10 contribution is not, however, required to be added to income under G.S. 105-  
11 130.5(a)(10)."

12           Section 2. G.S. 105-130.5(b)(5) reads as rewritten:

13           "(5) Contributions or gifts made by any corporation ~~within the income year to~~  
14           the extent provided under G.S. 105-130.9."

15           Section 3. This act is effective for taxable years beginning on or after January  
16 1, 1998.