

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 490

Short Title: Expand Corporate Charitable Deduction.

(Public)

Sponsors: Representatives McMahan; Alexander, Arnold, Baddour, Barbee, Bowie, Bridgeman, Cansler, Culp, Dockham, Easterling, Fox, Gardner, Gillespie, Grady, Gulley, Hiatt, Holmes, Hurley, Justus, Kiser, McComas, Melton, Miner, Morgan, Morris, Neely, Owens, Rogers, Russell, Sherrill, Thompson, Walend, Warwick, and G. Wilson.

Referred to: Rules, Calendar and Operations of the House.

March 18, 1999

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

1           computed without the benefit of this subdivision or subdivision (2) of  
2           this section. ~~Provided, that a carryover of contributions shall not be allowed~~  
3           ~~and that contributions made to North Carolina donees by corporations~~  
4           ~~allocating a part of their total net income outside this State shall not be~~  
5           ~~allowed under this subdivision, but shall be allowed under subdivision (3) of~~  
6           ~~this section.~~

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

28           ~~(3)~~

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

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

1       (c) Carryforward. – If a corporation's deductions allowed under subdivision (a)(1)  
2 or subsection (b) of this section exceed the applicable percentage limitation, the  
3 corporation may carry the excess forward for the succeeding five years to the extent the  
4 amounts carried forward under this subsection plus the amounts deductible under  
5 subdivision (a)(1) or subsection (b) of this section for each taxable year do not exceed the  
6 percentage limitation for that taxable year. Amounts deductible under subdivision (a)(1)  
7 or subsection (b) of this section for the current taxable year shall be taken into account  
8 before amounts carried forward under this subsection.

9           (4) The

10       (d) Double Benefit Disallowed. – The amount of a contribution for which the  
11 taxpayer claimed a tax credit pursuant to G.S. 105-130.34 shall not be eligible for a  
12 deduction under this section. The amount of the credit claimed with respect to the  
13 contribution is not, however, required to be added to income under G.S. 105-  
14 130.5(a)(10)."

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

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

18       Section 3. This act is effective for taxable years beginning on or after January  
19 1, 2000.