

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 19

Short Title: Expand Corporate Charitable Deduction.

(Public)

Sponsors: Representatives McMahan; Baker, Cansler, Davis, Dockham, Gardner, Grady, Hall, Hardy, Miner, Morris, Preston, Rayfield, Russell, Sherrill, Shubert, Starnes, Thompson, and Watson.

Referred to: Finance.

February 3, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE GIVING TO CHARITABLE NONPROFIT
3 ORGANIZATIONS BY EXPANDING THE STATE CORPORATE INCOME TAX
4 DEDUCTION FOR CHARITABLE CONTRIBUTIONS.

5 The General Assembly of North Carolina enacts:

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

7 "**§ 105-130.9. Contributions.**

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

12 (1) Most Charitable Contributions. – Charitable contributions as defined in
13 section 170(c) of the Code, ~~exclusive of other than contributions allowed~~
14 ~~in subdivision (2) of this section, shall be allowed as a deduction to the~~
15 ~~extent provided herein. The amount allowed as a deduction hereunder shall be~~
16 ~~limited to an amount not in excess of five percent (5%) up to a maximum~~
17 ~~deduction of ten percent (10%) of the corporation's net income as~~
18 ~~computed without the benefit of this subdivision or subdivision (2) of~~

1 this section. ~~Provided, that a carryover of contributions shall not be allowed~~
2 ~~and that contributions made to North Carolina donees by corporations~~
3 ~~allocating a part of their total net income outside this State shall not be~~
4 ~~allowed under this subdivision, but shall be allowed under subdivision (3) of~~
5 ~~this section.~~

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

27 (3)

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

38 Corporations allocating a part of their total net income outside North Carolina may
39 deduct from net income before allocation under G.S. 105-130.4 contributions made to
40 other donees qualified under subdivision (1) of subsection (a) of this section. This
41 deduction may not exceed ten percent (10%) of the corporation's net income before
42 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, 1998.