#4
passed
voice vote

**Amendment Offered by Mr. Souder** /Mr. Scott

**To the Amendment in the Nature of a Substitute**

**To H.R. 4271**

Page 13, after line 5, strike the period and insert the following (and make such technical and conforming changes as may be appropriate):

1 "(H) State charity tax credits as described
2 in subsection (c).

Page 13, after line 15, insert the following:

3 "(c)(1) Notwithstanding any other provision of law
4 and subject to paragraph (2), if there is in effect under
5 State law a charity tax credit, then the State may use
6 for any purpose the amount of the allotment that is not
7 expended under subsections (a) and (b).
8 "(2) The aggregate amount a State may use under
9 paragraph (1) during a fiscal year shall not exceed 100
10 percent of the revenue loss of the State during the fiscal
11 year that is attributable to the charity tax credit, as deter-
12 mined by the Secretary of the Treasury without regard

1 to any such revenue loss occurring before January 1,
2 1999.
3 "(3) For purposes of this subsection:
4 "(A) CHARITY TAX CREDIT.—The term 'charity
5 tax credit' means a nonrefundable credit against
6 State income tax (or, in the case of a State which
7 does not impose an income tax, a comparable bene-
8 fit) which is allowable for contributions, in cash or
9 in kind, to qualified charities.
10 "(B) QUALIFIED CHARITY.—
11 "(i) IN GENERAL.—The term 'qualified
12 charity' means any organization—
13 "(I) which is—
14 "(aa) described in section
15 501(c)(3) of the Internal Revenue
16 Code of 1986 and exempt from tax
17 under section 501(a) of such Code;
18 "(bb) a community action agency
19 as defined in the Economic Oppor-
20 tunity Act of 1964; or
21 "(cc) a public housing agency as
22 defined in section 3(b)(6) of the
23 United States Housing Act of 1937
24 (42 U.S.C. 1437A(b)(6));

1 "(II) which is certified by the appro-
2 priate State authority as meeting the re-
3 quirements of clauses (iii) and (iv); and
4 "(III) if such organization is other-
5 wise required to file a return under section
6 6033 of such Code, which elects to treat
7 the information required to be furnished by
8 clause (v) as being specified in section
9 6033(b) of such Code.
10 "(ii) CERTAIN CONTRIBUTIONS TO COL-
11 LECTION ORGANIZATIONS TREATED AS CON-
12 TRIBUTIONS TO QUALIFIED CHARITY.—
13 "(I) IN GENERAL.—A contribution to
14 a collection organization shall be treated as
15 a contribution to a qualified charity if the
16 donor designates in writing that the con-
17 tribution is for the qualified charity.
18 "(II) COLLECTION ORGANIZATION.—
19 The term "collection organization" means
20 an organization described in section
21 501(c)(3) of such Code and exempt from
22 tax under section 501(a) of such Code—
23 "(aa) which solicits and collects
24 gifts and grants which, by agreement,

1 are distributed to qualified charities
2 described in clause (i);
3 "(bb) which distributes to quali-
4 fied charities described in clause (i) at
5 least 90 percent of the gifts and
6 grants it receives that are designated
7 for such qualified charities; and
8 "(cc) which meets the require-
9 ments of clause (vi).
10 "(iii) CHARITY MUST PRIMARILY ASSIST
11 POOR INDIVIDUALS.—
12 "(I) IN GENERAL.—An organization
13 meets the requirements of this clause only
14 if the appropriate State authority reason-
15 ably expects that the predominant activity
16 of such organization will be the provision
17 of direct services within the United States
18 to individuals and families whose annual
19 incomes generally do not exceed 185 per-
20 cent of the official poverty line (as defined
21 by the Office of Management and Budget)
22 in order to prevent or alleviate poverty
23 among such individuals and families.
24 "(II) NO RECORDKEEPING IN CER-
25 TAIN CASES.—An organization shall not be

1 required to establish or maintain records
2 with respect to the incomes of individuals
3 and families for purposes of subclause (I)
4 if such individuals or families are members
5 of groups which are generally recognized
6 as including substantially only individuals
7 and families described in subclause (I).
8 "(III) FOOD AID AND HOMELESS
9 SHELTERS.—Except as otherwise provided
10 by the appropriate State authority, for
11 purposes of subclause (I), services to indi-
12 viduals in the form of—
13 "(aa) donations of food or meals;
14 or
15 "(bb) temporary shelter to home-
16 less individuals;
17 shall be treated as provided to individuals
18 described in subclause (I) if the location
19 and operation of such services are such
20 that the service provider may reasonably
21 conclude that the beneficiaries of such
22 services are predominantly individuals de-
23 scribed in subclause (I).
24 "(iv) MINIMUM EXPENSE REQUIREMENT.—

1 "(I) IN GENERAL.—An organization
2 meets the requirements of this clause only
3 if the appropriate State authority reason-
4 ably expects that the annual poverty pro-
5 gram expenses of such organization will
6 not be less than 75 percent of the annual
7 aggregate expenses of such organization.
8 "(II) POVERTY PROGRAM EXPENSE.—
9 For purposes of subclause (I)—
10 "(aa) IN GENERAL.—The term
11 "poverty program expense" means
12 any expense in providing program
13 services referred to in clause (iii).
14 "(bb) EXCEPTIONS.—Such term
15 shall not include any management or
16 general expense, any expense for the
17 purpose of influencing legislation (as
18 defined in section 4911(d) of the In-
19 ternal Revenue Code of 1986), any ex-
20 pense for the purpose of fundraising,
21 any expense for a legal service pro-
22 vided on behalf of any individual re-
23 ferred to in clause (iii), any expense
24 for providing tuition assistance relat-
25 ing to compulsory school attendance,

1 and any expense which consists of a
2 payment to an affiliate of the organi-
3 zation.
4 "(v) REPORTING REQUIREMENT.—The in-
5 formation required to be furnished under this
6 clause is—
7 "(i) the percentages determined by di-
8 viding the following categories of the orga-
9 nization's expenses for the year by its total
10 expenses for the year: program services,
11 management expenses, general expenses,
12 fundraising expenses, and payments to af-
13 filiates; and
14 "(ii) the category or categories (in-
15 cluding food, shelter, education, substance
16 abuse, job training, or otherwise) of serv-
17 ices which constitute its predominant ac-
18 tivities.
19 "(vi) ADDITIONAL REQUIREMENTS FOR
20 COLLECTION ORGANIZATIONS.—The require-
21 ments of this clause are met if the organiza-
22 tion—
23 "(I) maintains separate accounting
24 for revenues and expenses; and

1 "(II) makes available to the public its
2 administrative and fundraising costs and
3 information as to the organizations receiv-
4 ing funds from it and the amount of such
5 funds.
6 "(vii) SPECIAL RULE FOR STATES REQUIR-
7 ING TAX UNIFORMITY.—In the case of a
8 State—
9 "(I) which has a constitutional re-
10 quirement of tax uniformity; and
11 "(II) which, as of December 31, 1997,
12 imposed a tax on personal income with—
13 "(aa) a single flat rate applicable
14 to all earned and unearned income
15 (except insofar as any amount is not
16 taxed pursuant to tax forgiveness pro-
17 visions); and
18 "(bb) no generally available ex-
19 emptions or deductions to individuals;
20 the requirement of paragraph (2) shall be treat-
21 ed as met if the amount of the credit is limited
22 to a uniform percentage (but not greater than
23 25 percent) of State personal income tax liabil-
24 ity (determined without regard to credits).