

**STORAGE NAME:** h1251.rre

**DATE:** April 7, 1997

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
Rules, Resolutions & Ethics  
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

**BILL #:** HM 1251

**RELATING TO:** Charity Tax Credit; Memorial

**SPONSOR(S):** Sanderson and others

**STATUTE(S) AFFECTED:**

**COMPANION BILL(S):** None

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

(1) Rules, Resolutions & Ethics YEAS 7 NAYS 0

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**I. SUMMARY:**

This memorial urges Congress to approve a measure which would establish a tax credit for charitable contributions. The legislation, currently pending in Congress, would provide a \$500 tax credit (\$1000 for married couples) for contributions to charitable organizations.

This memorial has no fiscal impact.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Currently, contributions to charitable [501(c)(3)] organizations are allowed to be deducted from taxable income. In the tax reform of 1986, the Federal tax code was revised to provide a 100 percent deduction for charitable contributions. Prior to this change, only 50 percent of an individual's contribution was able to be deducted from federal income taxes.

B. EFFECT OF PROPOSED CHANGES:

The legislation, pending in the Congress of the United States, seeks to provide greater incentives for individuals to make contributions to private and religious organizations whose primary purpose is the prevention or alleviation of poverty. The measure would increase incentives by allowing individuals to have a \$500 tax credit for charitable contributions. Individuals would be allowed a 100 percent credit on the first \$100 of qualified contribution and a 90 percent credit for the next \$400. Thus, a taxpayer would be allowed to reduce their taxes by \$460 for a \$500 contribution.

The sponsors of the "Charity Tax Credit Act" want to promote local, private and religious efforts to solve social problems without burdening them with intrusive government regulations.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No

(3) any entitlement to a government service or benefit?

No

b. If an agency or program is eliminated or reduced:

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(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No

b. Does the bill require or authorize an increase in any fees?

No

c. Does the bill reduce total taxes, both rates and revenues?

No

d. Does the bill reduce total fees, both rates and revenues?

No

e. Does the bill authorize any fee or tax increase by any local government?

No

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

N/A

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

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(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION RESEARCH:

N/A

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None

2. Recurring Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

4. Total Revenues and Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

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3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

N/A

B. REDUCTION OF REVENUE RAISING AUTHORITY:

N/A

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

N/A

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

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VII. SIGNATURES:

COMMITTEE ON Rules, Resolutions & Ethics:

Prepared by:

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