



Bethany Boyd

Bill Analysis
Legislative Service Commission

S.B. 58

123rd General Assembly
(As Introduced)

Sens. Hottinger, Latta, Watts, Drake, Oelslager, Cupp

BILL SUMMARY

- Authorizes a refundable state income tax credit for contributions to charitable organizations, up to \$500 (\$1,000 for joint filers).

CONTENT AND OPERATION

Income tax credit for charitable contributions

(secs. 5747.37 and 5747.98)

The bill permits taxpayers to receive a refundable income tax credit for charitable contributions. The amount of the credit may not exceed \$500 each year for single filers, or \$1,000 for joint filers. Currently, taxpayers may not claim a credit or deduction for charitable contributions for Ohio income tax purposes. Nor does the federal charitable deduction that may be claimed by taxpayers who itemize on their federal returns reduce the amount of income taxable by Ohio. (Under the bill, a taxpayer does not have to file an itemized federal return claiming the federal charitable deduction in order to claim the Ohio credit.)

The credit is refundable, meaning that if the amount of the credit exceeds the amount of the taxpayer's end-of-year tax liability, the taxpayer receives a refund for the excess. If claimed in the same year as other credits, it must be claimed in the order prescribed by the bill.

Eligible donees

(sec. 5747.37; Section 3)

To qualify for the Ohio credit, contributions must be made to an organization that is exempt from federal income taxation and is described under Internal Revenue Code section 501(c)(3). Those organizations include corporations, community chests, funds, or foundations, organized and operated

exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals. No part of the net earnings of the organizations may inure to the benefit of any individual or private shareholder. No substantial part of the activities of the organization may be carrying on propaganda, or otherwise attempting, to influence legislation, and the organizations may not participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office.

The credit does not apply to contributions to every organization that qualifies for the federal charitable deduction. Under federal law, contributions to many other kinds of organizations are deductible, including contributions to state and local governments and used exclusively for public purposes; contributions to fraternal societies and used for charitable and similar purposes; contributions to war veterans organizations; contributions to civil defense organizations; contributions to not-for-profit cemetery companies; and contributions to nonprofit volunteer fire companies (Internal Revenue Code section 170). The Internal Revenue Service maintains a list of organizations eligible to receive tax-deductible contributions.

The credit may be claimed for taxable years beginning on or after January 1, 1999.

HISTORY

ACTION	DATE	JOURNAL ENTRY
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