



FEB 11 2011

Senate of Pennsylvania

MEMORANDUM

TO: ALL SENATORS

FROM: SENATOR CHARLES T. McILHINNEY, JR. *Charles T. McIlhinney, Jr.*

DATE: February 11, 2011

RE: **Co-Sponsorship Memo #8 - Tax Credits to Charitable Organizations**

In the near future, I plan to reintroduce legislation that provides for state tax credits to individuals who make voluntary cash contributions of up to \$200 per year to certain charities that provide assistance to the working poor. A qualifying charitable organization is defined as a 501(c)(3) that spends at least 50 percent of its budget on services to Pennsylvania residents who receive TANF benefits or low income residents of this state and their households. Low income individuals are persons whose household income is less than 150% of the federal poverty level.

The tax credit is targeted to promote new giving and, unlike charitable tax deductions, is targeted to specific charities that provide assistance to the working poor. Because the legislation is intended to attract new charitable contributions to the nonprofit sector, the program establishes a baseline year for determining a threshold of giving. To receive the credit, a taxpayer must contribute more than the baseline amount. The baseline year is the first year after a taxpayer itemizes charitable contributions pursuant to Section 170 of the Internal Revenue Code.

This bill is identical to Senate Bill 337 from last session and was cosponsored by the following Senators: WILLIAMS, TOMLINSON, BOSCOLA, RAFFERTY, WOZNIAK, LEACH, and GREENLEAF.

I invite you to join with me in sponsoring this legislation and ask that you call my office at 7-7305 or e-mail Monica Riddle at mriddle@pasen.gov.

CTM:gr