

HOUSE BILL 854

Q3

5lr2408

By: **Delegates Lisanti, Cassilly, Ghrist, Impallaria, Jalisi, Lam, McComas, McKay, Reilly, and Sample-Hughes**

Introduced and read first time: February 13, 2015

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Donations to Community Colleges**

3 FOR the purpose of allowing a certain credit against the State income tax for a certain
4 amount of donations to community colleges in the State; requiring certain taxpayers
5 to add back certain income to federal adjusted gross income to determine Maryland
6 adjusted gross income; requiring a certain individual or a certain corporation to
7 apply to the Maryland Higher Education Commission a certain number of days
8 before making a certain donation to a community college; requiring the Commission
9 to approve certain applications on a first-come, first-served basis; providing for the
10 contents of a certain application; requiring the Commission to issue certain initial
11 tax credit certificates within a certain number of days after receiving a certain
12 application; requiring the Commission to notify certain individuals and certain
13 corporations if a certain application is denied; requiring certain individuals or
14 certain corporations to make a certain donation and a certain notification within a
15 certain number of days; requiring the Commission to rescind a certain initial tax
16 credit certificate under certain circumstances; providing for the total amount of
17 credits the Commission may certify for each taxable year; authorizing certain excess
18 tax credits not certified during a certain taxable year to be carried over and certified
19 during the next taxable year; requiring the Commission to make a certain report on
20 or before a certain date; requiring the Commission and the Comptroller to adopt
21 certain regulations; defining certain terms; providing for the application of this Act;
22 and generally relating to a State income tax credit for certain donations made to a
23 community college in the State.

24 BY repealing and reenacting, without amendments,
25 Article – Tax – General
26 Section 10–204(a) and 10–305(a)
27 Annotated Code of Maryland
28 (2010 Replacement Volume and 2014 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – Tax – General
3 Section 10–204(m) and 10–737
4 Annotated Code of Maryland
5 (2010 Replacement Volume and 2014 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 10–305(d)
9 Annotated Code of Maryland
10 (2010 Replacement Volume and 2014 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
12 That the Laws of Maryland read as follows:

13 **Article – Tax – General**

14 10–204.

15 (a) To the extent excluded from federal adjusted gross income, the amounts under
16 this section are added to the federal adjusted gross income of a resident to determine
17 Maryland adjusted gross income.

18 **(M) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES ANY**
19 **AMOUNT DEDUCTED AS A DONATION AS DEFINED UNDER § 10–737 OF THIS TITLE TO**
20 **THE EXTENT THAT THE AMOUNT OF THE DONATION IS INCLUDED IN AN**
21 **APPLICATION FOR A CREDIT THAT IS CERTIFIED UNDER § 10–737 OF THIS TITLE.**

22 10–305.

23 (a) To the extent excluded from federal taxable income, the amounts under this
24 section are added to the federal taxable income of a corporation to determine Maryland
25 modified income.

26 (d) The addition under subsection (a) of this section includes the additions
27 required for an individual under:

28 (1) § 10–204(b) of this title (Dividends and interest from another state or
29 local obligation);

30 (2) § 10–204(c)(2) of this title (Federal tax–exempt income);

31 (3) § 10–204(e) of this title (Oil percentage depletion allowance);

32 (4) § 10–204(i) of this title (Deduction for qualified production activities
33 income);

1 (5) § 10-204(j) of this title (Deduction for costs for security clearance
2 administrative expenses and construction and equipment costs incurred to construct or
3 renovate a sensitive compartmented information facility); [and]

4 (6) § 10-204(l) of this title (Deduction for donations to qualified permanent
5 endowment funds); AND

6 (7) § 10-204(m) OF THIS TITLE (DEDUCTION FOR DONATIONS TO
7 COMMUNITY COLLEGES IN THE STATE).

8 **10-737.**

9 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
10 INDICATED.

11 (2) "COMMISSION" MEANS THE MARYLAND HIGHER EDUCATION
12 COMMISSION.

13 (3) "DONATION" MEANS AN IRREVOCABLE GIFT WORTH \$500 OR
14 MORE OF:

15 (I) CASH; OR

16 (II) PUBLICLY TRADED SECURITIES.

17 (B) SUBJECT TO THE PROVISIONS OF THIS SECTION, AN INDIVIDUAL OR A
18 CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN
19 AMOUNT EQUAL TO 25% OF A DONATION MADE TO A COMMUNITY COLLEGE IN THE
20 STATE.

21 (C) AT LEAST 30 DAYS BEFORE MAKING A DONATION TO A COMMUNITY
22 COLLEGE IN THE STATE, AN INDIVIDUAL OR A CORPORATION SHALL APPLY TO THE
23 COMMISSION FOR AN INITIAL TAX CREDIT CERTIFICATE.

24 (D) (1) THE COMMISSION SHALL:

25 (I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR A TAX
26 CREDIT UNDER THIS SECTION ON A FIRST-COME, FIRST-SERVED BASIS;

27 (II) WITHIN 30 DAYS AFTER RECEIVING AN APPLICATION, ISSUE
28 AN INITIAL TAX CREDIT CERTIFICATE STATING THE MAXIMUM AMOUNT OF THE TAX
29 CREDIT FOR WHICH THE INDIVIDUAL OR CORPORATION IS ELIGIBLE; AND

1 **(III) WITHIN 30 DAYS AFTER RECEIVING NOTICE OF A DONATION**
2 **MADE TO A COMMUNITY COLLEGE, ISSUE A FINAL TAX CREDIT CERTIFICATE AS**
3 **PROVIDED UNDER THIS SECTION.**

4 **(2) IF THE COMMISSION DENIES AN APPLICATION FOR A TAX CREDIT**
5 **UNDER THIS SECTION, THE COMMISSION SHALL GIVE THE INDIVIDUAL OR**
6 **CORPORATION, WITHIN 30 DAYS AFTER RECEIVING THE APPLICATION:**

7 **(I) WRITTEN NOTICE OF THE APPLICATION DENIAL; AND**

8 **(II) AN EXPLANATION FOR WHY THE APPLICATION WAS DENIED.**

9 **(3) THE APPLICATION REQUIRED UNDER THIS SUBSECTION SHALL**
10 **CONTAIN:**

11 **(I) THE NAME OF THE INDIVIDUAL OR CORPORATION APPLYING**
12 **FOR THE INITIAL TAX CREDIT CERTIFICATE;**

13 **(II) THE COMMUNITY COLLEGE TO WHICH THE DONATION WILL**
14 **BE MADE;**

15 **(III) THE AMOUNT OF THE DONATION; AND**

16 **(IV) ANY OTHER INFORMATION THE COMMISSION REQUIRES.**

17 **(E) (1) AN INDIVIDUAL OR A CORPORATION SHALL MAKE A DONATION TO**
18 **A COMMUNITY COLLEGE WITHIN 30 DAYS AFTER RECEIVING AN INITIAL TAX CREDIT**
19 **CERTIFICATE FROM THE COMMISSION.**

20 **(2) WITHIN 30 DAYS AFTER MAKING A DONATION TO A COMMUNITY**
21 **COLLEGE, AN INDIVIDUAL OR A CORPORATION SHALL GIVE NOTICE TO THE**
22 **COMMISSION OF THE DONATION AND THE AMOUNT OF THE DONATION.**

23 **(3) IF AN INDIVIDUAL OR A CORPORATION FAILS TO MAKE A**
24 **DONATION TO A COMMUNITY COLLEGE WITHIN 30 DAYS AFTER RECEIVING AN**
25 **INITIAL TAX CREDIT CERTIFICATE, THE COMMISSION SHALL RESCIND THE**
26 **CERTIFICATE.**

27 **(F) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,**
28 **FOR EACH TAXABLE YEAR, THE COMMISSION MAY NOT ISSUE TAX CREDIT**
29 **CERTIFICATES FOR CREDIT AMOUNTS IN THE AGGREGATE TOTALING MORE THAN**
30 **\$2,000,000.**

1 **(2) IF THE AGGREGATE CREDIT AMOUNTS UNDER THE TAX CREDIT**
2 **CERTIFICATES ISSUED BY THE COMMISSION TOTAL LESS THAN THE MAXIMUM**
3 **PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION IN ANY TAXABLE YEAR, ANY**
4 **EXCESS AMOUNT MAY BE CARRIED FORWARD AND ISSUED UNDER TAX CREDIT**
5 **CERTIFICATES IN A SUBSEQUENT TAXABLE YEAR.**

6 **(G) ON OR BEFORE JANUARY 10 OF EACH TAXABLE YEAR, THE COMMISSION**
7 **SHALL REPORT TO THE COMPTROLLER ON THE DONATIONS THAT THE COMMISSION**
8 **APPROVED FOR TAX CREDIT CERTIFICATES UNDER THIS SECTION DURING THE**
9 **PRIOR TAXABLE YEAR.**

10 **(H) THE COMMISSION AND THE COMPTROLLER JOINTLY SHALL ADOPT**
11 **REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SECTION, INCLUDING THE**
12 **CRITERIA AND PROCEDURES FOR APPLICATION FOR, APPROVAL OF, AND**
13 **MONITORING ELIGIBILITY FOR THE TAX CREDIT AUTHORIZED UNDER THIS SECTION.**

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2015, and shall be applicable to all taxable years beginning after December 31, 2014.