

# SENATE BILL 970

Q3  
SB 641/17 – B&T

8lr1866  
CF HB 1268

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By: **Senators Manno, Guzzone, Madaleno, and Young**

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Endow Maryland – Credit Amounts**

3 FOR the purpose of altering the total amount of State income tax credits the Department  
4 of Housing and Community Development is authorized to issue in a taxable year for  
5 donations to certain qualified permanent endowment funds at certain community  
6 foundations; providing for the application of this Act; and generally relating to a  
7 State income tax credit for certain donations to certain endowment funds.

8 BY repealing and reenacting, with amendments,  
9 Article – Tax – General  
10 Section 10–736  
11 Annotated Code of Maryland  
12 (2016 Replacement Volume and 2017 Supplement)

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

15 **Article – Tax – General**

16 10–736.

17 (a) (1) In this section the following words have the meanings indicated.

18 (2) “Department” means the Department of Housing and Community  
19 Development.

20 (3) “Donation” means an irrevocable gift worth \$500 or more of:

21 (i) cash; or

22 (ii) publicly traded securities.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (4) “Eligible community foundation” means an organization that:

2 (i) is exempt from taxation under § 501(c)(3) of the Internal Revenue  
3 Code;

4 (ii) is commonly known as a community trust, fund, endowment, or  
5 foundation or by another similar name that conveys the concept of a capital or endowment  
6 fund to support charitable activities in the community or area that it serves;

7 (iii) satisfies the public support test of § 170(b)(1)(A)(vi) of the  
8 Internal Revenue Code and regulations adopted under that section; and

9 (iv) is in compliance with national standards for United States  
10 community foundations established by the Community Foundations National Standards  
11 Board within the Council on Foundations.

12 (5) “Qualified permanent endowment fund” means a fund that:

13 (i) is held in perpetuity by an eligible community foundation;

14 (ii) is used for the benefit of charitable causes in the State; and

15 (iii) has an annual spending rate of 5% or less calculated using a  
16 12–quarter trailing average of the total amount of the fund.

17 (b) (1) Subject to the limitations of this section, for the taxable year in which  
18 a taxpayer makes a donation to a qualified permanent endowment fund at an eligible  
19 community foundation, the taxpayer may claim a credit against the State income tax in the  
20 amount stated on the tax credit certificate issued under subsection (c) of this section.

21 (2) If the credit allowed under this section in any taxable year exceeds the  
22 State income tax for that taxable year, any unused credit may be carried forward and  
23 applied for succeeding taxable years until the earlier of:

24 (i) the full amount of the credit is used; or

25 (ii) the expiration of the fifth year after the taxable year for which  
26 the credit was allowed.

27 (c) (1) On application by a taxpayer, the Department shall issue a credit  
28 certificate in the amount of 25% of a proposed donation to a qualified permanent  
29 endowment fund at an eligible community foundation that meets the requirements of this  
30 section.

31 (2) The application shall contain:

1 (i) the names of the taxpayer, the eligible community foundation,  
2 and the qualified permanent endowment fund to which the donation will be made;

3 (ii) the taxable year in which the donation will be made;

4 (iii) the amount of the donation; and

5 (iv) any other information that the Department requires.

6 (3) For any taxable year, the maximum amount of tax credit stated in the  
7 tax credit certificate may not exceed \$50,000.

8 (4) The Department shall:

9 (i) reserve for each taxable year at least 10% of the available credits  
10 for donations of \$30,000 or less; and

11 (ii) approve all applications that qualify for a tax credit certificate  
12 under this subsection:

13 1. on a first-come, first-served basis; and

14 2. in a timely manner.

15 (5) (i) For each taxable year, the total amount of tax credit certificates  
16 certified by the Department under this section may not exceed [~~\$250,000~~] **\$1,000,000**.

17 (ii) If the aggregate amount of tax credit certificates authorized  
18 under this section during a taxable year total less than the amount authorized under this  
19 paragraph, any excess amount may be authorized under tax credit certificates for the next  
20 taxable year.

21 (d) On or before January 31 of each taxable year, the Department shall report to  
22 the State Department of Assessments and Taxation and the Comptroller the donations that  
23 the Department has approved for tax credit certificates under this section during the prior  
24 taxable year.

25 (e) The Department shall adopt regulations to carry out the provisions of this  
26 section, including the criteria and procedures for application for, approval of, and  
27 monitoring eligibility for the tax credit authorized under this section.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
29 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2018.