

HOUSE BILL 482

Q3
HB 1665/18 – W&M

9lr2052

By: **Delegates Mosby, Branch, and Walker**
Introduced and read first time: February 1, 2019
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Endowments of Maryland Historically Black Colleges and**
3 **Universities**

4 FOR the purpose of allowing a credit against the State income tax for a certain amount of
5 donations to certain qualified permanent endowment funds at certain institutions of
6 higher education; providing for the carryforward of the credit; requiring the
7 Comptroller, on application of a taxpayer, to issue a tax credit certificate; requiring
8 the application to contain certain information; requiring the Comptroller to approve
9 applications on a first–come, first–served basis and in a timely manner; providing
10 that the total number of applications certified by the Comptroller may not exceed a
11 certain amount for each taxable year; providing that excess tax credits not certified
12 during a taxable year may be carried over and certified during the next taxable year;
13 requiring the Comptroller to adopt certain regulations; defining certain terms;
14 providing for the application of this Act; and generally relating to a State income tax
15 credit for certain donations to certain endowment funds.

16 BY adding to
17 Article – Tax – General
18 Section 10–749
19 Annotated Code of Maryland
20 (2016 Replacement Volume and 2018 Supplement)

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

23 **Article – Tax – General**

24 **10–749.**

25 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 INDICATED.

2 (2) "DONATION" MEANS AN IRREVOCABLE GIFT OF CASH.

3 (3) "INSTITUTION OF HIGHER EDUCATION" MEANS BOWIE STATE
4 UNIVERSITY, COPPIN STATE UNIVERSITY, MORGAN STATE UNIVERSITY, OR
5 UNIVERSITY OF MARYLAND EASTERN SHORE.

6 (4) "QUALIFIED PERMANENT ENDOWMENT FUND" MEANS A FUND
7 THAT IS:

8 (I) HELD IN PERPETUITY BY AN INSTITUTION OF HIGHER
9 EDUCATION; AND

10 (II) USED TO BENEFIT THE INSTITUTION OF HIGHER
11 EDUCATION OR ITS STUDENTS.

12 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR THE
13 TAXABLE YEAR IN WHICH A TAXPAYER MAKES A DONATION TO A QUALIFIED
14 PERMANENT ENDOWMENT FUND AT AN INSTITUTION OF HIGHER EDUCATION, THE
15 TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE AMOUNT
16 STATED ON THE TAX CREDIT CERTIFICATE ISSUED UNDER SUBSECTION (C) OF THIS
17 SECTION.

18 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE
19 YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, ANY UNUSED
20 CREDIT MAY BE CARRIED FORWARD AND APPLIED TO SUCCEEDING TAXABLE YEARS
21 UNTIL THE FULL AMOUNT OF THE CREDIT IS USED.

22 (C) (1) ON APPLICATION BY A TAXPAYER, THE COMPTROLLER SHALL
23 ISSUE A CREDIT CERTIFICATE IN THE AMOUNT OF 25% OF A PROPOSED DONATION
24 TO A QUALIFIED PERMANENT ENDOWMENT FUND AT AN INSTITUTION OF HIGHER
25 EDUCATION.

26 (2) THE APPLICATION SHALL CONTAIN:

27 (I) THE NAMES OF THE TAXPAYER, THE INSTITUTION OF
28 HIGHER EDUCATION, AND THE QUALIFIED PERMANENT ENDOWMENT FUND TO
29 WHICH THE DONATION WILL BE MADE;

30 (II) THE TAXABLE YEAR IN WHICH THE DONATION WILL BE
31 MADE;

1 (III) THE AMOUNT OF THE DONATION; AND

2 (IV) ANY OTHER INFORMATION THAT THE COMPTROLLER
3 REQUIRES.

4 (3) THE COMPTROLLER SHALL APPROVE ALL APPLICATIONS THAT
5 QUALIFY FOR A TAX CREDIT CERTIFICATE UNDER THIS SUBSECTION:

6 (I) ON A FIRST-COME, FIRST-SERVED BASIS; AND

7 (II) IN A TIMELY MANNER.

8 (4) (I) FOR EACH TAXABLE YEAR, THE TOTAL AMOUNT OF TAX
9 CREDIT CERTIFICATES CERTIFIED BY THE COMPTROLLER UNDER THIS SECTION
10 MAY NOT EXCEED \$400,000.

11 (II) IF THE TOTAL AMOUNT OF TAX CREDIT CERTIFICATES
12 CERTIFIED UNDER THIS SECTION DURING A TAXABLE YEAR TOTALS LESS THAN THE
13 AMOUNT AUTHORIZED UNDER THIS PARAGRAPH, ANY EXCESS AMOUNT MAY BE
14 CERTIFIED UNDER TAX CREDIT CERTIFICATES FOR THE NEXT TAXABLE YEAR.

15 (D) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY OUT THE
16 PROVISIONS OF THIS SECTION, INCLUDING THE CRITERIA AND PROCEDURES FOR
17 APPLICATION FOR, APPROVAL OF, AND MONITORING ELIGIBILITY FOR THE TAX
18 CREDIT AUTHORIZED UNDER THIS SECTION.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
20 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018.