
By: Delegates Rosenberg and Shriver

Introduced and read first time: February 1, 1996

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction Modification for Volunteer Service**

3 FOR the purpose of providing a subtraction modification under the Maryland income tax
4 in a certain amount for certain qualifying volunteer service; providing certain
5 criteria for qualification for the subtraction modification; requiring certain
6 organizations and governmental organizations to maintain certain records and
7 provide certain reports relating to certain volunteer services; providing for a certain
8 penalty under certain circumstances; providing for the application of this Act; and
9 generally relating to a subtraction modification under the Maryland income tax in
10 certain amounts for certain qualifying volunteer service.

11 BY repealing and reenacting, without amendments,

12 Article - Tax - General
13 Section 10-208(a)
14 Annotated Code of Maryland
15 (1988 Volume and 1995 Supplement)

16 BY adding to

17 Article - Tax - General
18 Section 10-208(l)
19 Annotated Code of Maryland
20 (1988 Volume and 1995 Supplement)

21 Preamble

22 WHEREAS, Maryland's nonprofit sector is an essential part of the social and
23 economic landscape in Maryland; and

24 WHEREAS, There are more than 12,000 nonprofit entities that provide services
25 and programs that benefit Maryland citizens and improve the communities in which
26 Marylanders live; and

27 WHEREAS, Maryland's nonprofit sector provides the principal vehicle by which
28 Marylanders work to improve their communities, involving hundreds of thousands of
29 business executives, community leaders, and citizens from all walks of life; and

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1 WHEREAS, Nonprofit entities rely, in the course of their operation, on a variety of
2 resources, including charitable contributions, volunteer services, and donated goods; and

3 WHEREAS, Volunteerism has been on the decline nationally and between 1991
4 and 1993 the number of Americans participating in volunteer activities has declined by
5 5%; and

6 WHEREAS, The national "Give Five" campaign sets as a goal that citizens should
7 contribute 5% of their income to charitable causes and volunteer for at least five hours a
8 week; and

9 WHEREAS, Maryland has been a leader among the States in promoting
10 volunteerism and community service; and

11 WHEREAS, By providing tax incentives for volunteerism, the General Assembly
12 seeks to encourage volunteerism that meets the national "Give Five" goal; now, therefore,

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

15 **Article - Tax - General**

16 10-208.

17 (a) In addition to the modification under § 10-207 of this subtitle, the amounts
18 under this section are subtracted from the federal adjusted gross income of a resident to
19 determine Maryland adjusted gross income.

20 (L) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
21 MEANINGS INDICATED.

22 (II) "CHARITABLE ORGANIZATION" MEANS AN ORGANIZATION OR
23 GOVERNMENTAL ORGANIZATION TO WHICH A CONTRIBUTION OR GIFT IS A
24 CHARITABLE CONTRIBUTION WITHIN THE MEANING OF § 170(C) OF THE INTERNAL
25 REVENUE CODE.

26 (III) "PARTICIPATING CHARITABLE ORGANIZATION" MEANS A
27 CHARITABLE ORGANIZATION THAT ELECTS TO MAINTAIN THE RECORDS AND
28 PROVIDE VOLUNTEERS THE REPORTS REQUIRED UNDER THIS SECTION FOR A
29 VOLUNTEER TO QUALIFY FOR THE SUBTRACTION MODIFICATION UNDER THIS
30 SECTION.

31 (IV) "VOLUNTEER SERVICE" DOES NOT INCLUDE:

32 1. COURT ORDERED COMMUNITY SERVICE;

33 2. SERVICE PERFORMED BY A STUDENT FOR COURSE
34 CREDIT, AS A REQUIREMENT FOR GRADUATION, OR OTHERWISE TO FULFILL AN
35 EDUCATIONAL OBLIGATION OR REQUIREMENT;

36 3. SERVICE PERFORMED THROUGH VISTA, AMERICORPS,
37 OR A SIMILAR SERVICE ORGANIZATION IN RETURN FOR WHICH THE INDIVIDUAL
38 RECEIVES A STIPEND OR ANY OTHER CONSIDERATION OTHER THAN NOMINAL
39 EXPENSES AND MEALS; OR

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1 4. ANY OTHER SERVICE:

2 A. THAT THE INDIVIDUAL IS CONTRACTUALLY, LEGALLY,
3 OR OTHERWISE OBLIGATED TO PERFORM; OR

4 B. FOR WHICH THE INDIVIDUAL RECEIVES ANY
5 CONSIDERATION OF ANY KIND OTHER THAN NOMINAL EXPENSES AND MEALS.

6 (2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION
7 INCLUDES AN AMOUNT EQUAL TO \$1,000 IF AN INDIVIDUAL IS A QUALIFYING
8 VOLUNTEER TO A PARTICIPATING CHARITABLE ORGANIZATION FOR THE TAXABLE
9 YEAR, AS DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION.

10 (3) AN INDIVIDUAL IS A QUALIFYING VOLUNTEER TO A PARTICIPATING
11 CHARITABLE ORGANIZATION FOR THE TAXABLE YEAR IF THE INDIVIDUAL:

12 (I) PROVIDES AT LEAST 500 HOURS OF VOLUNTEER SERVICE TO A
13 PARTICIPATING CHARITABLE ORGANIZATION DURING THE TAXABLE YEAR; AND

14 (II) SERVES THE PARTICIPATING CHARITABLE ORGANIZATION IN
15 A VOLUNTEER CAPACITY WITHOUT COMPENSATION, EXCEPT NOMINAL EXPENSES
16 OR MEALS.

17 (4) ON REQUEST OF AN INDIVIDUAL WHO PROVIDES VOLUNTEER
18 SERVICE TO A PARTICIPATING CHARITABLE ORGANIZATION, THE PARTICIPATING
19 CHARITABLE ORGANIZATION SHALL:

20 (I) MAINTAIN A RECORD OF THE HOURS OF VOLUNTEER SERVICE
21 PROVIDED BY THE INDIVIDUAL DURING EACH CALENDAR YEAR; AND

22 (II) ON OR BEFORE FEBRUARY 15 OF EACH YEAR, PROVIDE THE
23 INDIVIDUAL A REPORT IDENTIFYING THE NUMBER OF HOURS OF VOLUNTEER
24 SERVICE PERFORMED BY THE INDIVIDUAL DURING THE PRECEDING YEAR.

25 (5) TO QUALIFY FOR THE SUBTRACTION MODIFICATION UNDER THIS
26 SUBSECTION, AN INDIVIDUAL SHALL ATTACH TO THE INDIVIDUAL'S INCOME TAX
27 RETURN A COPY OF THE REPORT PROVIDED BY THE PARTICIPATING CHARITABLE
28 ORGANIZATION UNDER PARAGRAPH (4) OF THIS SUBSECTION.

29 (6) (I) A PERSON MAY NOT KNOWINGLY MAKE OR CAUSE TO BE
30 MADE ANY FALSE STATEMENT OR REPORT IN ANY APPLICATION OR IN ANY
31 DOCUMENT REQUIRED UNDER THIS SUBSECTION.

32 (II) ANY PERSON WHO VIOLATES OR ATTEMPTS TO VIOLATE ANY
33 PROVISION OF SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE SUBJECT TO A
34 FINE OF \$1,000.

35 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
36 July 1, 1996 and shall be applicable to all taxable years beginning after December 31,
37 1996.