
By: Senators Lawlah and Kasemeyer

Introduced and read first time: January 24, 1997

Assigned to: Economic and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Higher Education - Private Donation Incentive Program - Extension**

3 FOR the purpose of extending the Private Donation Incentive Program; making certain
4 conforming changes; repealing an obsolete provision; repealing the abrogation of
5 the Program; and generally relating to a Private Donation Incentive Program for
6 institutions of higher education.

7 BY repealing and reenacting, without amendments,
8 Article - Education
9 Section 17-301, 17-303, 17-304, and 17-305
10 Annotated Code of Maryland
11 (1997 Replacement Volume)

12 BY repealing and reenacting, with amendments,
13 Article - Education
14 Section 17-302 and 17-306
15 Annotated Code of Maryland
16 (1997 Replacement Volume)

17 BY repealing and reenacting, with amendments,
18 Chapter 94 of the Acts of the General Assembly of 1989, as amended by Chapter 6
19 of the Acts of the General Assembly of 1990
20 Section 2

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

23 **Article - Education**

24 17-301.

25 (a) In this subtitle, the following words have the meanings indicated.

26 (b) "Eligible institution" means:

27 (1) Each public sector higher education institution identified in §§ 10-101(j)
28 and 12-101(4) of this article or its affiliated foundation; and

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1 (2) Each community college which receives State funding under Title 16,
2 Subtitle 3 of this article or its affiliated foundation.

3 (c) (1) "Eligible private donor" means any individual, corporation, partnership,
4 or other form of business organization, public or private foundation, or other nonprofit
5 organization.

6 (2) "Eligible private donor" does not include the State, any subdivision of
7 the State, the federal government, or any foreign government.

8 (d) "Eligible program" means any endowment for an academic purpose, which
9 does not contain unreasonable restrictions as to use as further defined by the Maryland
10 Higher Education Commission.

11 (e) "Endowment" means any donation or gift which has been provided under the
12 condition that the principal remain intact and be invested in perpetuity for the purpose of
13 producing income.

14 (f) "Base year" means July 1, 1988 through June 30, 1989.

15 17-302.

16 (a) Each eligible institution shall receive from the State, in the manner and
17 subject to the limitations of this subtitle, with respect to the amounts pledged by eligible
18 private donors as voluntary donations at any time during [Fiscal Years 1990, 1991, and
19 1992] THE PREVIOUS FISCAL YEAR to the eligible institution for eligible programs as
20 follows:

21 (1) An amount equal to the first \$250,000 or any portion thereof of pledged
22 amounts;

23 (2) An amount equal to one-half of the next \$1,000,000 or any portion
24 thereof of pledged amounts; and

25 (3) An amount equal to one-third of the amount in excess of \$1,250,000 or
26 any portion thereof of pledged amounts.

27 (b) Payments shall be made by the State:

28 (1) Only with respect to pledged amounts which are paid by the eligible
29 private donor to the eligible institution before July 1, [1996] 2002; and

30 (2) In the fiscal year following the fiscal year during which the amounts are
31 paid.

32 (c) Payments by the State under this subtitle may not exceed:

33 (1) \$250,000 to each community college;

34 (2) \$1,250,000 each to the University of Maryland College Park and the
35 University of Maryland at Baltimore; and

36 (3) \$750,000 to each other eligible institution.

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1 (d) (1) To determine eligibility for State payments, each donation shall be
2 compared to the amount donated during the base year. The following criteria shall be the
3 basis for comparison:

4 (i) Each donation must be from a new donor; or

5 (ii) Each donation must represent an increase over the amount given
6 by the donor during the base year.

7 (2) A donation received during the base year that fulfills a pledge made
8 prior to the base year may not be included in the determination of the amount donated
9 during the base year.

10 (3) Each donation must be specifically designated as an endowment.

11 17-303.

12 An affiliated foundation of an eligible institution that receives State payments shall
13 provide the Maryland Higher Education Commission an annual audit of all pledged and
14 paid amounts and their sources and a copy of the annual audit shall be provided to the
15 Legislative Auditor.

16 17-304.

17 (a) Amounts paid by the State under this subtitle may be applied to any eligible
18 program at the eligible institution to which the payment is made.

19 (b) No more than one-half of the total amount to be paid by the State under
20 provisions of this subtitle may be appropriated in any fiscal year. The provisions of §
21 7-302 of the State Finance and Procurement Article do not apply to unused program
22 funds.

23 17-305.

24 Amounts paid by the State to any eligible institution under this subtitle may not
25 directly or indirectly reduce the State General Fund or Capital Fund support for the
26 eligible institution.

27 17-306.

28 The Maryland Higher Education Commission shall:

29 (1) Adopt regulations necessary for the administration of this subtitle; and

30 [(2) Submit to the Governor by December 1, 1991, a report evaluating the
31 program under this subtitle and containing recommendations as to whether it should be
32 extended]

33 (2) SUBMIT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1312 OF
34 THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY AN ANNUAL
35 REPORT SUMMARIZING THE TOTAL AMOUNT OF FUNDS PLEDGED BY ELIGIBLE
36 PRIVATE DONORS AND TOTAL AMOUNT OF FUNDS RAISED.

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1 **Chapter 94 of the Acts of 1989, as amended by Chapter 6 of the Acts of 1990**

2 [SECTION 2. AND BE IT FURTHER ENACTED, That this Act and all
3 regulations adopted under this Act shall terminate and be of no effect after July 1, 1997.]

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 June 1, 1997.