
By: **Delegate Mandel (Maryland Gives! Task Force on Charitable Giving)**
Introduced and read first time: February 11, 1999
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit for Charitable Giving to Qualified Endowments**

3 FOR the purpose of allowing an individual to claim a credit against the State income
4 tax in a certain amount for certain planned gifts to qualified endowments;
5 allowing a corporation to claim a credit against the State income tax in a certain
6 amount for certain charitable gifts to qualified endowments; requiring certain
7 addition modifications under certain circumstances for certain amounts used to
8 calculate certain credits; defining certain terms; providing for the application of
9 this Act; and generally relating to certain State income tax credits for certain
10 planned gifts by individuals to qualified endowments and for certain charitable
11 gifts by corporations to qualified endowments.

12 BY adding to
13 Article - Tax - General
14 Section 10-205(i), 10-306(d), and 10-712
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 1998 Supplement)

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

19 **Article - Tax - General**

20 10-205.

21 (I) FOR AN INDIVIDUAL WHO ELECTS TO ITEMIZE DEDUCTIONS TO
22 DETERMINE MARYLAND TAXABLE INCOME, THE ADDITION UNDER SUBSECTION (A)
23 OF THIS SECTION INCLUDES THE PRESENT VALUE OF THE AGGREGATE AMOUNT OF
24 THE CHARITABLE GIFT PORTION OF A PLANNED GIFT USED TO CALCULATE THE
25 CREDIT ALLOWED UNDER § 10-712 OF THIS TITLE FOR CHARITABLE CONTRIBUTIONS
26 FOR PLANNED GIFTS BY AN INDIVIDUAL TO A QUALIFIED ENDOWMENT.

1 10-306.

2 (D) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE
3 AMOUNT OF CHARITABLE GIFTS USED TO CALCULATE THE CREDIT ALLOWED UNDER
4 § 10-712 OF THIS TITLE FOR CHARITABLE CONTRIBUTIONS BY A CORPORATION TO A
5 QUALIFIED ENDOWMENT.

6 10-712.

7 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
8 INDICATED.

9 (2) "PLANNED GIFT" MEANS AN IRREVOCABLE CONTRIBUTION TO A
10 QUALIFIED ENDOWMENT HELD BY OR FOR A TAX-EXEMPT ORGANIZATION IF THE
11 CONTRIBUTION IS MADE USING:

12 (I) A CHARITABLE REMAINDER UNITRUST OR CHARITABLE
13 REMAINDER ANNUITY TRUST AS DEFINED UNDER § 664 OF THE INTERNAL REVENUE
14 CODE;

15 (II) A POOLED INCOME FUND AS DEFINED UNDER § 642(C)(5) OF THE
16 INTERNAL REVENUE CODE;

17 (III) A CHARITABLE LEAD UNITRUST OR CHARITABLE LEAD
18 ANNUITY TRUST QUALIFYING UNDER § 170(F)(2)(B) OF THE INTERNAL REVENUE
19 CODE;

20 (IV) A CHARITABLE GIFT ANNUITY OR DEFERRED CHARITABLE GIFT
21 ANNUITY UNDERTAKEN UNDER § 1011(B) OF THE INTERNAL REVENUE CODE;

22 (V) A CHARITABLE LIFE ESTATE AGREEMENT QUALIFYING UNDER
23 § 170(F)(3)(B) OF THE INTERNAL REVENUE CODE; OR

24 (VI) A PAID-UP LIFE INSURANCE POLICY MEETING THE
25 REQUIREMENTS OF § 170 OF THE INTERNAL REVENUE CODE.

26 (3) "QUALIFIED ENDOWMENT" MEANS A PERMANENT, IRREVOCABLE
27 FUND THAT IS HELD BY:

28 (I) AN ORGANIZATION INCORPORATED OR ESTABLISHED IN
29 MARYLAND THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL
30 REVENUE CODE; OR

31 (II) A BANK OR TRUST COMPANY INCORPORATED OR ESTABLISHED
32 IN MARYLAND THAT IS HOLDING THE FUND ON BEHALF OF AN ORGANIZATION
33 INCORPORATED OR ESTABLISHED IN MARYLAND THAT IS EXEMPT FROM TAXATION
34 UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE.

35 (B) AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX
36 IN AN AMOUNT EQUAL TO 50% OF THE PRESENT VALUE OF THE AGGREGATE AMOUNT

1 OF THE CHARITABLE GIFT PORTION OF A PLANNED GIFT MADE BY THE INDIVIDUAL
2 DURING THE TAXABLE YEAR TO A QUALIFIED ENDOWMENT.

3 (C) A CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX
4 IN AN AMOUNT EQUAL TO 50% OF THE AMOUNT OF THE CHARITABLE GIFT FOR A
5 CHARITABLE CONTRIBUTION MADE DURING THE TAXABLE YEAR TO A QUALIFIED
6 ENDOWMENT.

7 (D) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
8 SUBSECTION MAY NOT EXCEED THE LESSER OF:

9 (I) \$10,000; OR

10 (II) THE STATE INCOME TAX IMPOSED FOR THE TAXABLE YEAR,
11 CALCULATED BEFORE THE APPLICATION OF THE CREDITS ALLOWED UNDER THIS
12 SECTION AND UNDER §§ 10-701 AND 10-701.1 OF THIS SUBTITLE BUT AFTER THE
13 APPLICATION OF ANY OTHER CREDIT ALLOWED UNDER THIS SUBTITLE.

14 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY
15 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

16 (E) IF A CREDIT IS CLAIMED UNDER THIS SECTION, THE CLAIMANT SHALL
17 MAKE THE ADDITION REQUIRED IN § 10-205 OR § 10-306 OF THIS TITLE.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,
20 1998.