

SENATE BILL 772

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Q3

2000 Regular Session
0lr1271
CF 0lr1270

By: **Senator McFadden (Maryland Gives! Task Force on Charitable Giving)**
Introduced and read first time: February 4, 2000
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit - Endowment Gifts**

3 FOR the purpose of allowing an individual to claim a credit against the State income
4 tax in a certain amount for certain endowment gifts; allowing a corporation to
5 claim a credit against the State income tax in a certain amount for certain
6 endowment gifts; defining certain terms; providing for the application of this
7 Act; and generally relating to certain State income tax credits for certain
8 endowment gifts by individuals and corporations.

9 BY adding to
10 Article - Tax - General
11 Section 10-718
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 1999 Supplement)

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

16 **Article - Tax - General**

17 10-718.

18 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
19 INDICATED.

20 (2) "CHARITABLE ORGANIZATION" MEANS AN ORGANIZATION
21 INCORPORATED OR ESTABLISHED IN MARYLAND THAT IS EXEMPT FROM TAXATION
22 UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE.

23 (3) (I) "ENDOWMENT GIFT" MEANS AN IRREVOCABLE CONTRIBUTION
24 TO A FUND HELD BY OR FOR A CHARITABLE ORGANIZATION IF THE CONTRIBUTION IS
25 MADE WITH A DONOR-IMPOSED RESTRICTION THAT THE PRINCIPAL AMOUNT OR
26 VALUE OF THE CONTRIBUTION BE KEPT INTACT, IN PERPETUITY OR UNTIL THE
27 PASSAGE OF A SPECIFIED TIME OR THE OCCURRENCE OF A PARTICULAR EVENT, AND

1 THAT THE INCOME FROM THE USE OR INVESTMENT OF THE PRINCIPAL BE USED TO
2 FURTHER A MISSION OF THE ORGANIZATION.

3 (II) "ENDOWMENT GIFT" INCLUDES:

4 1. A CHARITABLE REMAINDER UNITRUST OR CHARITABLE
5 REMAINDER ANNUITY TRUST AS DEFINED UNDER § 664 OF THE INTERNAL REVENUE
6 CODE;

7 2. A POOLED INCOME FUND AS DEFINED UNDER § 642(C)(5)
8 OF THE INTERNAL REVENUE CODE;

9 3. A CHARITABLE LEAD UNITRUST OR CHARITABLE LEAD
10 ANNUITY TRUST QUALIFYING UNDER § 170(F)(2)(B) OF THE INTERNAL REVENUE
11 CODE;

12 4. A CHARITABLE GIFT ANNUITY OR DEFERRED
13 CHARITABLE GIFT ANNUITY UNDERTAKEN UNDER § 1011(B) OF THE INTERNAL
14 REVENUE CODE;

15 5. A CHARITABLE LIFE ESTATE AGREEMENT QUALIFYING
16 UNDER § 170(F)(3)(B) OF THE INTERNAL REVENUE CODE;

17 6. A PAID-UP LIFE INSURANCE POLICY MEETING THE
18 REQUIREMENTS OF § 170 OF THE INTERNAL REVENUE CODE; OR

19 7. A GIFT TO A FUND HELD BY OR FOR A CHARITABLE
20 ORGANIZATION THAT IS TO BE USED FOR THE ACQUISITION OR CONSTRUCTION OF A
21 PERMANENT FACILITY, INCLUDING REAL PROPERTY ON WHICH IT IS TO BE
22 SITUATED, TO BE USED FOR THE FURTHERANCE OF THE MISSION OF THE
23 CHARITABLE ORGANIZATION.

24 (B) AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX
25 IN AN AMOUNT EQUAL TO 10% OF THE PRESENT VALUE OF THE AGGREGATE AMOUNT
26 OF AN ENDOWMENT GIFT MADE BY THE INDIVIDUAL DURING THE TAXABLE YEAR.

27 (C) A CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX
28 IN AN AMOUNT EQUAL TO 10% OF THE AMOUNT OF THE CHARITABLE GIFT FOR A
29 CHARITABLE CONTRIBUTION MADE DURING THE TAXABLE YEAR TO A QUALIFIED
30 ENDOWMENT.

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

33 (I) \$10,000; OR

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

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

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,
5 1999.