
By: **Delegate Taylor**
Introduced and read first time: March 2, 2001
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit for Charitable Contributions to Community Foundations**

3 FOR the purpose of providing an individual a credit against the State income tax in a
4 certain amount for certain charitable contributions made to certain tax-exempt
5 organizations, subject to a certain limitation; defining certain terms; providing
6 for the application of this Act; and generally relating to a credit against the
7 State income tax for certain charitable contributions made by individuals to
8 certain tax-exempt organizations.

9 BY adding to
10 Article - Tax - General
11 Section 10-722
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 2000 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 10-722.

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

20 (2) "COMMUNITY FOUNDATION" MEANS AN ORGANIZATION THAT:

21 (I) IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE
22 INTERNAL REVENUE CODE;

23 (II) IS COMMONLY KNOW AS A COMMUNITY TRUST, FUND, OR
24 FOUNDATION OR BY ANOTHER SIMILAR NAME CONVEYING THE CONCEPT OF A
25 CAPITAL OR ENDOWMENT FUND TO SUPPORT CHARITABLE ACTIVITIES IN THE
26 COMMUNITY OR AREA THAT IT SERVES; AND

1 (III) SATISFIES THE PUBLIC SUPPORT TEST OF § 170(B)(1)(A)(VI) OF
2 THE INTERNAL REVENUE CODE AND REGULATIONS ADOPTED UNDER THAT
3 SECTION.

4 (3) "QUALIFIED CAPITAL GAIN" MEANS THE NET CAPITAL GAIN, WITHIN
5 THE MEANING OF § 1222(11) OF THE INTERNAL REVENUE CODE, THAT IS INCLUDED IN
6 THE MARYLAND ADJUSTED GROSS INCOME OF AN INDIVIDUAL.

7 (4) "UNRESTRICTED CHARITABLE CONTRIBUTION" MEANS A
8 CHARITABLE CONTRIBUTION TO A COMMUNITY FOUNDATION THAT IS
9 UNRESTRICTED, WITHIN THE MEANING OF § 170(B)(1)(A)(VI) OF THE INTERNAL
10 REVENUE CODE AND REGULATIONS ADOPTED UNDER THAT SECTION, WITH RESPECT
11 TO ITS AVAILABILITY FOR DISTRIBUTION BY THE GOVERNING BODY OF THE
12 COMMUNITY FOUNDATION.

13 (B) (1) SUBJECT TO THE LIMITATION UNDER PARAGRAPH (2) OF THIS
14 SUBSECTION, AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME
15 TAX IN AN AMOUNT EQUAL TO 100% OF THE AMOUNT OF ANY UNRESTRICTED
16 CHARITABLE CONTRIBUTION MADE BY THE INDIVIDUAL TO A COMMUNITY
17 FOUNDATION'S ENDOWMENT DURING THE TAXABLE YEAR.

18 (2) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
19 SECTION MAY NOT EXCEED THE DIFFERENCE BETWEEN:

20 (I) THE STATE INCOME TAX FOR THE TAXABLE YEAR ON THE
21 INDIVIDUAL'S MARYLAND TAXABLE INCOME; AND

22 (II) THE STATE INCOME TAX THAT WOULD BE PAYABLE FOR THE
23 TAXABLE YEAR ON THE INDIVIDUAL'S MARYLAND TAXABLE INCOME REDUCED BY
24 THE AMOUNT OF THE INDIVIDUAL'S QUALIFIED CAPITAL GAIN.

25 (3) THE CREDIT MAY ONLY BE ALLOWED IF THE INDIVIDUAL'S
26 QUALIFIED CAPITAL GAIN FOR THE TAXABLE YEAR FOR WHICH THE CREDIT IS
27 RECEIVED IS AT LEAST \$10,000,000.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 July 1, 2001 and shall be applicable to all taxable years beginning after December 31,
30 2000.