

HOUSE BILL 482

Q3
HB 1665/18 – W&M

9lr2052

By: Delegates Mosby, Branch, ~~and Walker~~ Walker, Kaiser, D. Barnes, Boteler, Cain, Ebersole, Feldmark, Guyton, Hornberger, Ivey, Long, Luedtke, Palakovich Carr, Patterson, Rose, Shoemaker, Smith, Turner, Washington, and Wilkins

Introduced and read first time: February 1, 2019
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 10, 2019

CHAPTER _____

1 AN ACT concerning

2 **Income Tax Credit – Endowments of Maryland Historically Black Colleges and**
3 **Universities**

4 FOR the purpose of allowing a credit against the State income tax for a certain amount of
5 donations to certain qualified permanent endowment funds at certain institutions of
6 higher education; requiring certain taxpayers to add a certain deduction back to
7 federal adjusted gross income to determine Maryland adjusted gross income;
8 providing for the carryforward of the credit; requiring the Comptroller, on
9 application of a taxpayer, to issue a tax credit certificate; requiring the application
10 to contain certain information; requiring the Comptroller to approve applications on
11 a first-come, first-served basis and in a timely manner; providing that the total
12 number of applications certified by the Comptroller may not exceed a certain amount
13 for each taxable year; requiring the Comptroller to make available for certain
14 institutions of higher education a certain percent of the total amount of tax credits
15 that the Comptroller may approve in a calendar year; providing that excess tax
16 credits not certified during a taxable year may be carried over and certified during
17 the next taxable year; requiring the Comptroller to adopt certain regulations;
18 defining certain terms; providing for the application and termination of this Act; and
19 generally relating to a State income tax credit for certain donations to certain
20 endowment funds.

21 BY repealing and reenacting, without amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Tax – General
2 Section 10–204(a) and 10–305(a) and (d)(6)
3 Annotated Code of Maryland
4 (2016 Replacement Volume and 2018 Supplement)

5 BY repealing and reenacting, with amendments,
6 Article – Tax – General
7 Section 10–204(l)
8 Annotated Code of Maryland
9 (2016 Replacement Volume and 2018 Supplement)

10 BY adding to
11 Article – Tax – General
12 Section 10–749
13 Annotated Code of Maryland
14 (2016 Replacement Volume and 2018 Supplement)

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

17 **Article – Tax – General**

18 10–204.

19 (a) To the extent excluded from federal adjusted gross income, the amounts under
20 this section are added to the federal adjusted gross income of a resident to determine
21 Maryland adjusted gross income.

22 (l) The addition under subsection (a) of this section includes any amount
23 deducted as a donation, as defined under § 10–736 OR § 10–749 of this title, to the extent
24 that the amount of the donation is included in an application for a credit that is certified
25 under § 10–736 OR § 10–749 of this title.

26 10–305.

27 (a) To the extent excluded from federal taxable income, the amounts under this
28 section are added to the federal taxable income of a corporation to determine Maryland
29 modified income.

30 (d) The addition under subsection (a) of this section includes the additions
31 required for an individual under:

32 (6) § 10–204(l) of this title (Deduction for donations to qualified permanent
33 endowment funds).

34 **10–749.**

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

3 (2) “DONATION” MEANS AN IRREVOCABLE GIFT OF CASH.

4 (3) “INSTITUTION OF HIGHER EDUCATION” MEANS BOWIE STATE
5 UNIVERSITY, COPPIN STATE UNIVERSITY, MORGAN STATE UNIVERSITY, OR
6 UNIVERSITY OF MARYLAND EASTERN SHORE.

7 (4) “QUALIFIED PERMANENT ENDOWMENT FUND” MEANS A FUND
8 THAT IS:

9 (I) HELD IN PERPETUITY BY AN INSTITUTION OF HIGHER
10 EDUCATION; AND

11 (II) USED TO BENEFIT THE INSTITUTION OF HIGHER
12 EDUCATION OR ITS STUDENTS.

13 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR THE
14 TAXABLE YEAR IN WHICH A TAXPAYER MAKES A DONATION TO A QUALIFIED
15 PERMANENT ENDOWMENT FUND AT AN INSTITUTION OF HIGHER EDUCATION, THE
16 TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE AMOUNT
17 STATED ON THE TAX CREDIT CERTIFICATE ISSUED UNDER SUBSECTION (C) OF THIS
18 SECTION.

19 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE
20 YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, ANY UNUSED
21 CREDIT MAY BE CARRIED FORWARD AND APPLIED TO SUCCEEDING TAXABLE YEARS
22 UNTIL THE FULL AMOUNT OF THE CREDIT IS USED.

23 (C) (1) ON APPLICATION BY A TAXPAYER, THE COMPTROLLER SHALL
24 ISSUE A CREDIT CERTIFICATE IN THE AMOUNT OF 25% OF A PROPOSED DONATION
25 TO A QUALIFIED PERMANENT ENDOWMENT FUND AT AN INSTITUTION OF HIGHER
26 EDUCATION.

27 (2) THE APPLICATION SHALL CONTAIN:

28 (I) THE NAMES OF THE TAXPAYER, THE INSTITUTION OF
29 HIGHER EDUCATION, AND THE QUALIFIED PERMANENT ENDOWMENT FUND TO
30 WHICH THE DONATION WILL BE MADE;

31 (II) THE TAXABLE YEAR IN WHICH THE DONATION WILL BE
32 MADE;

1 (III) THE AMOUNT OF THE DONATION; AND

2 (IV) ANY OTHER INFORMATION THAT THE COMPTROLLER
3 REQUIRES.

4 (3) THE COMPTROLLER SHALL APPROVE ALL APPLICATIONS THAT
5 QUALIFY FOR A TAX CREDIT CERTIFICATE UNDER THIS SUBSECTION:

6 (I) ON A FIRST-COME, FIRST-SERVED BASIS; AND

7 (II) IN A TIMELY MANNER.

8 (4) (I) FOR EACH TAXABLE YEAR, THE TOTAL AMOUNT OF TAX
9 CREDIT CERTIFICATES CERTIFIED BY THE COMPTROLLER UNDER THIS SECTION
10 MAY NOT EXCEED ~~\$400,000~~ \$240,000.

11 (II) 1. THE COMPTROLLER SHALL MAKE AVAILABLE 25% OF
12 THE AMOUNT OF CREDITS AUTHORIZED UNDER SUBPARAGRAPH (I) OF THIS
13 PARAGRAPH FOR DONATIONS TO QUALIFIED PERMANENT ENDOWMENT FUNDS AT
14 EACH INSTITUTION OF HIGHER EDUCATION.

15 ~~(II)~~ 2. IF THE TOTAL AMOUNT OF TAX CREDIT CERTIFICATES
16 CERTIFIED UNDER THIS SECTION FOR AN INSTITUTION OF HIGHER EDUCATION
17 DURING A TAXABLE YEAR TOTALS IS LESS THAN THE AMOUNT AUTHORIZED UNDER
18 THIS PARAGRAPH MADE AVAILABLE FOR THE INSTITUTION OF HIGHER EDUCATION
19 UNDER THIS SUBPARAGRAPH, ANY EXCESS AMOUNT MAY BE CERTIFIED UNDER TAX
20 CREDIT CERTIFICATES FOR THE INSTITUTION OF HIGHER EDUCATION FOR THE
21 NEXT TAXABLE YEAR.

22 (D) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY OUT THE
23 PROVISIONS OF THIS SECTION, INCLUDING THE CRITERIA AND PROCEDURES FOR
24 APPLICATION FOR, APPROVAL OF, AND MONITORING ELIGIBILITY FOR THE TAX
25 CREDIT AUTHORIZED UNDER THIS SECTION.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
27 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018 but
28 before January 1, 2024. It shall remain effective for a period of 4 years and 6 months and,
29 at the end of December 31, 2023, this Act, with no further action required by the General
30 Assembly, shall be abrogated and of no further force and effect.