

HOUSE BILL 711

Q3

1lr1246
CF SB 622

By: **Delegate D. Jones**

Introduced and read first time: January 26, 2021

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 27, 2021

CHAPTER _____

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Donations to Diaper Banks and Other**
3 **Charitable Entities**

4 FOR the purpose of allowing a subtraction under the Maryland income tax for donations of
5 certain disposable diapers, certain hygiene products, and certain monetary gifts
6 made by a taxpayer during the taxable year to certain qualified charitable entities;
7 requiring the taxpayer to file certain information with the taxpayer's income tax
8 return in order to claim the subtraction; requiring the ~~Department of Human~~
9 ~~Services~~ Comptroller to adopt certain regulations; requiring the Comptroller to
10 report to the General Assembly on or before a certain date; defining certain terms;
11 providing for the application and termination of this Act; and generally relating to a
12 subtraction under the Maryland income tax for donations of diapers, hygiene
13 products, or monetary gifts to charitable entities.

14 BY repealing and reenacting, without amendments,
15 Article – Tax – General
16 Section 10–208(a) and 10–308(a)
17 Annotated Code of Maryland
18 (2016 Replacement Volume and 2020 Supplement)

19 BY adding to
20 Article – Tax – General
21 Section 10–208(y)
22 Annotated Code of Maryland
23 (2016 Replacement Volume and 2020 Supplement)

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.



BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–308(b)
Annotated Code of Maryland
(2016 Replacement Volume and 2020 Supplement)

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

Article – Tax – General

10–208.

(a) In addition to the modification under § 10–207 of this subtitle, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.

(Y) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

~~**(H) “DEPARTMENT” MEANS THE DEPARTMENT OF HUMAN SERVICES.**~~

~~**(HH) (II) “DIAPER BANK” MEANS A NONPROFIT ORGANIZATION LOCATED IN THE STATE THAT:**~~

1. IS QUALIFIED AS TAX EXEMPT UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE;

2. IS ESTABLISHED AND OPERATING PRIMARILY FOR THE PURPOSE OF COLLECTING OR PURCHASING DISPOSABLE DIAPERS OR OTHER HYGIENE PRODUCTS FOR INFANTS OR CHILDREN; AND

3. DISTRIBUTES THOSE DIAPERS OR HYGIENE PRODUCTS THROUGH SCHOOLS, HEALTH CARE FACILITIES, GOVERNMENT AGENCIES, OR OTHER NONPROFIT ENTITIES FOR EVENTUAL DISTRIBUTION TO INDIVIDUALS FREE OF CHARGE.

~~**(IV) (III) “DONATION” MEANS AN IRREVOCABLE GIFT OF:**~~

1. DISPOSABLE DIAPERS, OTHER HYGIENE PRODUCTS FOR INFANTS OR CHILDREN, OR FEMININE PERSONAL HYGIENE PRODUCTS; OR

2. CASH THAT IS SPECIFICALLY DESIGNATED FOR THE

1 PURCHASE OF DISPOSABLE DIAPERS, OTHER HYGIENE PRODUCTS FOR INFANTS OR
2 CHILDREN, OR FEMININE PERSONAL HYGIENE PRODUCTS.

3 ~~(VI)~~ (IV) "FEMININE PERSONAL HYGIENE PRODUCTS" MEANS
4 SANITARY PADS, TAMPONS, MENSTRUAL SPONGES, MENSTRUAL CUPS, OR OTHER
5 SIMILAR FEMININE HYGIENE PRODUCTS, WHETHER REUSABLE OR DISPOSABLE.

6 ~~(VI)~~ (V) "QUALIFIED CHARITABLE ENTITY" MEANS A DIAPER
7 BANK, HOMELESS SHELTER, DOMESTIC VIOLENCE SHELTER, RELIGIOUS
8 ORGANIZATION, OR OTHER CHARITABLE ORGANIZATION THAT HAS REGISTERED
9 WITH THE ~~DEPARTMENT~~ COMPTROLLER AS A DISTRIBUTOR OF DISPOSABLE
10 DIAPERS, OTHER HYGIENE PRODUCTS FOR INFANTS OR CHILDREN, OR FEMININE
11 PERSONAL HYGIENE PRODUCTS.

12 (2) SUBJECT TO THE LIMITATIONS OF THIS SUBSECTION, THE
13 SUBTRACTION ALLOWED UNDER SUBSECTION (A) OF THIS SECTION INCLUDES UP TO
14 \$1,000 OF DONATIONS MADE BY THE TAXPAYER DURING THE TAXABLE YEAR TO A
15 QUALIFIED CHARITABLE ENTITY.

16 (3) TO QUALIFY FOR THE SUBTRACTION UNDER THIS SUBSECTION,
17 THE TAXPAYER SHALL FILE WITH THE TAXPAYER'S INCOME TAX RETURN:

18 (I) THE NAME OF EACH QUALIFIED CHARITABLE ENTITY TO
19 WHICH A DONATION WAS MADE;

20 (II) PROOF OF THE VALUE OF THE DONATION; AND

21 (III) ANY OTHER INFORMATION THAT THE COMPTROLLER
22 REQUIRES.

23 (4) ~~THE DEPARTMENT~~ COMPTROLLER SHALL ADOPT REGULATIONS
24 TO CARRY OUT THE PROVISIONS OF THIS SECTION, INCLUDING THE CRITERIA AND
25 PROCEDURES FOR REGISTRATION AS A QUALIFIED CHARITABLE ENTITY.

26 10-308.

27 (a) In addition to the modification under § 10-307 of this subtitle, the amounts
28 under this section are subtracted from the federal taxable income of a corporation to
29 determine Maryland modified income.

30 (b) The subtraction under subsection (a) of this section includes the amounts
31 allowed to be subtracted for an individual under:

32 (1) § 10-208(d) of this title (Enhanced agricultural management
33 equipment expenses);

(2) § 10–208(i) of this title (Reforestation or timber stand expenses);

(3) § 10–208(k) of this title (Wage expenses for targeted jobs); [and]

(4) § 10–208(p) of this title (Elevator handrails in health care facilities);

AND

(5) § 10–208(Y) OF THIS TITLE (DONATIONS TO DIAPER BANKS AND OTHER CHARITABLE ENTITIES).

SECTION 2. AND BE IT FURTHER ENACTED, That, on or before January 1, 2024, the Comptroller shall report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on whether donations to charitable entities of disposable diapers, other hygiene products for infants or children, or feminine personal hygiene products has increased following the effective date of this Act and, if so, whether the subtraction modification under § 10–208(y) of the Tax – General Article, as enacted under Section 1 of this Act, has contributed to that increase.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2020, but before January 1, 2024. It shall remain effective for a period of 3 years and, at the end of June 30, 2024, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.