

# HOUSE BILL 641

Q3

3lr2878

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By: **Delegates Wivell, Anderton, Arentz, Baker, Chisholm, Ciliberti, Grammer, Hartman, Hornberger, Kipke, McComas, Miller, T. Morgan, and Tomlinson**  
Introduced and read first time: February 6, 2023  
Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Pregnancy Options Tax Credit**

3 FOR the purpose of allowing a credit against the State income tax for a certain amount of  
4 donations to certain eligible charitable organizations that operate certain pregnancy  
5 resource centers; requiring taxpayers to add a certain deduction back to federal  
6 adjusted gross income to determine Maryland adjusted gross income and Maryland  
7 modified income; and generally relating to a State income tax credit for donations to  
8 pregnancy resource centers.

9 BY repealing and reenacting, without amendments,  
10 Article – Tax – General  
11 Section 10–204(a) and 10–305(a)  
12 Annotated Code of Maryland  
13 (2022 Replacement Volume)

14 BY repealing and reenacting, with amendments,  
15 Article – Tax – General  
16 Section 10–305(d)(5) and (6)  
17 Annotated Code of Maryland  
18 (2022 Replacement Volume)

19 BY adding to  
20 Article – Tax – General  
21 Section 10–204(m), 10–305(d)(7), and 10–757  
22 Annotated Code of Maryland  
23 (2022 Replacement Volume)

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



## Article – Tax – General

10–204.

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

**(M) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES ANY AMOUNT DEDUCTED AS A DONATION, AS DEFINED UNDER § 10–757 OF THIS TITLE, TO THE EXTENT THAT THE AMOUNT OF THE DONATION IS INCLUDED IN AN APPLICATION FOR A CREDIT THAT IS CERTIFIED UNDER § 10–757 OF THIS TITLE.**

10–305.

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

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

(5) § 10–204(j) of this title (Deduction for costs for security clearance administrative expenses and construction and equipment costs incurred to construct or renovate a sensitive compartmented information facility); [and]

(6) § 10–204(l) of this title (Deduction for donations to qualified permanent endowment funds); **AND**

**(7) § 10–204(M) OF THIS TITLE (DEDUCTION FOR DONATIONS TO PREGNANCY RESOURCE CENTERS).**

**10–757.**

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

**(2) “BUSINESS ENTITY” MEANS A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS.**

**(3) “DEPARTMENT” MEANS THE MARYLAND DEPARTMENT OF HEALTH.**

**(4) “DONATION” MEANS AN IRREVOCABLE GIFT OF CASH.**

1           **(5) “ELIGIBLE CHARITABLE ORGANIZATION” MEANS AN**  
2 **ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE**  
3 **INTERNAL REVENUE CODE, OPERATES A PREGNANCY RESOURCE CENTER, AND IS**  
4 **REGISTERED WITH THE DEPARTMENT AS OPERATING A PREGNANCY RESOURCE**  
5 **CENTER.**

6           **(6) “PREGNANCY RESOURCE CENTER” MEANS AN ORGANIZATION OR**  
7 **FACILITY IN THE STATE THAT:**

8                   **(I) AS ITS PRIMARY PURPOSE, IS ESTABLISHED AND OPERATES**  
9 **TO PROVIDE PREGNANCY COUNSELING OR INFORMATION;**

10                   **(II) DOES NOT PERFORM, INDUCE, OR REFER FOR ABORTIONS**  
11 **AND DOES NOT HOLD ITSELF OUT AS PERFORMING, INDUCING, OR REFERRING FOR**  
12 **ABORTIONS;**

13                   **(III) PROVIDES ITS SERVICES AT NO COST TO ITS CLIENTS; AND**

14                   **(IV) PROVIDES DIRECT CLIENT SERVICES AT ITS FACILITY.**

15           **(B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR THE**  
16 **TAXABLE YEAR IN WHICH A TAXPAYER MAKES A DONATION TO AN ELIGIBLE**  
17 **CHARITABLE ORGANIZATION, THE TAXPAYER MAY CLAIM A CREDIT AGAINST THE**  
18 **STATE INCOME TAX IN THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE**  
19 **ISSUED UNDER SUBSECTION (C) OF THIS SECTION.**

20                   **(2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE**  
21 **YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, ANY UNUSED**  
22 **CREDIT MAY BE CARRIED FORWARD AND APPLIED TO SUCCEEDING TAXABLE YEARS**  
23 **UNTIL THE EARLIER OF:**

24                   **(I) THE DATE ON WHICH THE FULL AMOUNT OF THE CREDIT IS**  
25 **USED; OR**

26                   **(II) THE DATE OF THE EXPIRATION OF THE FIFTH YEAR AFTER**  
27 **THE TAXABLE YEAR FOR WHICH THE CREDIT WAS ALLOWED.**

28           **(C) (1) ON APPLICATION BY A TAXPAYER, THE DEPARTMENT SHALL**  
29 **ISSUE A TAX CREDIT CERTIFICATE IN THE AMOUNT EQUAL TO THE LESSER OF:**

30                   **(I) 50% OF THE DONATION MADE TO THE ELIGIBLE**  
31 **CHARITABLE DONATION; OR**

- 1                   **(II) 1. IN THE CASE OF AN INDIVIDUAL, \$1,000; OR**  
2                                   **2. IN THE CASE OF A BUSINESS ENTITY, \$5,000.**

3                   **(2) THE APPLICATION SHALL CONTAIN:**

4                                   **(I) THE NAME OF THE TAXPAYER;**

5                                   **(II) THE ELIGIBLE CHARITABLE ORGANIZATION TO WHICH THE**  
6 **DONATION WAS MADE;**

7                                   **(III) THE AMOUNT OF THE DONATION; AND**

8                                   **(IV) ANY OTHER INFORMATION THAT THE DEPARTMENT**  
9 **REQUIRES.**

10                   **(3) THE DEPARTMENT SHALL APPROVE ALL APPLICATIONS THAT**  
11 **QUALIFY FOR A TAX CREDIT CERTIFICATE UNDER THIS SUBSECTION:**

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

13                                   **(II) IN A TIMELY MANNER.**

14                   **(4) FOR EACH TAXABLE YEAR, THE TOTAL AMOUNT OF TAX CREDIT**  
15 **CERTIFICATES CERTIFIED BY THE DEPARTMENT UNDER THIS SECTION MAY NOT**  
16 **EXCEED \$3,000,000.**

17                   **(D) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE**  
18 **PROVISIONS OF THIS SECTION, INCLUDING:**

19                                   **(1) THE CRITERIA AND PROCEDURES FOR REGISTRATION AS AN**  
20 **ELIGIBLE CHARITABLE ENTITY; AND**

21                                   **(2) THE CRITERIA AND PROCEDURES FOR APPLICATION FOR,**  
22 **APPROVAL OF, AND MONITORING ELIGIBILITY FOR THE TAX CREDIT AUTHORIZED**  
23 **UNDER THIS SECTION.**

24                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
25 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022.