

Chapter 221

(House Bill 711)

AN ACT concerning

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

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

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

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

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.

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

~~**(III)**~~ **(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 PURCHASE OF DISPOSABLE DIAPERS, OTHER HYGIENE PRODUCTS FOR INFANTS OR CHILDREN, OR FEMININE PERSONAL HYGIENE PRODUCTS.

~~**(V)**~~ **(IV) “FEMININE PERSONAL HYGIENE PRODUCTS” MEANS SANITARY PADS, TAMPONS, MENSTRUAL SPONGES, MENSTRUAL CUPS, OR OTHER SIMILAR FEMININE HYGIENE PRODUCTS, WHETHER REUSABLE OR DISPOSABLE.**

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

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

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

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

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

(III) ANY OTHER INFORMATION THAT THE COMPTROLLER REQUIRES.

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

10-308.

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

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

(1) § 10-208(d) of this title (Enhanced agricultural management 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.

Approved by the Governor, May 18, 2021.