

SUPPORT SB 641 and HB 1119 ENDOW MARYLAND TAX CREDIT

Endow MD: Doing good for local communities, now & forever

SB 641 and HB 1119 -Tax Credit–Endow Maryland would expand the existing state tax credit for charitable contributions to permanent endowments at qualified community foundations.

Endow MD provides an incentive for individuals and businesses to improve the quality of life in Maryland communities and make a long-term impact on the causes they care about. It keeps wealth in the state and encourage Marylanders at a range of income levels to invest in their communities. The proposed legislation would increase the tax credit from the current \$250,000 per year to \$1,000,000 in tax credits, credits which would be awarded to contributors small and large to local communities across the state.

What is a community foundation (CF)?

A CF is an independent 501(c)(3) nonprofit philanthropic institution that maintains permanent charitable funds established by many separate donors for the benefit of a specific geographic area. CFs specialize in helping individuals, families, and businesses plan and carry out their charitable giving and in building permanent endowments to serve their regions' changing needs, such as education, human services, community development, and the arts. There are over 700 CFs across the United States.

How are CFs different from other charities?

Most nonprofit charities provide direct services to the community (e.g., emergency food and shelter, early childhood development). CFs provide support to those local charities in the form of grants and technical assistance. CFs build and strengthen philanthropy in their communities by making it simple and cost-efficient for individuals, families, and businesses to establish philanthropic funds and invest in the needs of their communities, thus building permanent endowments for charitable good throughout the state.

How does the Endow MD tax credit work?

Individuals and corporations may claim a tax credit equal to 25% of a taxpayer's gift to a permanent endowment at a qualified CF in Maryland. In order to qualify, CFs must be in compliance with National Standards for U.S. Community Foundations established by the Council on Foundations. Gifts must go to permanently endowed funds that benefit Maryland. Credits can be claimed on gifts between \$500 and \$50,000. The maximum amount of tax credits granted to a single taxpayer annually does not exceed \$50,000, or 5% of the total amount of the available tax credit.

Endow MD benefits the state by making it easier for donors to build permanent good for their communities; create an incentive for donors' money to remain in Maryland, rather than flowing out of state; reward individual taxpayers and businesses for making charitable contributions; and provide long-term support for nonprofits across Maryland that are taking on the most important challenges our communities face.

Why are CF permanent charitable endowments important?

Permanent endowments extend the value of charitable contributions far beyond the amount of the initial donations. For example, a charitable contribution of \$10,000 provides \$10,000 in value to the nonprofit recipient, but a contribution of \$10,000 to a permanent, endowed fund can generate income for the nonprofit that would total **well over \$40,000** over the course of 50-years – and would continue to grow and benefit the organization for decades more.

What is the Maryland Community Foundations Association (MCFA)?

MCFA is a network of 14 community foundations, each serving a region of Maryland. Together, MCFA speaks with one voice in promoting philanthropy to benefit towns, cities and rural areas across the state. MCFA members hold a total of more than \$760 million in philanthropic assets, and distributed about \$108 million in grants this past year to nonprofit organizations in their communities, addressing a wide range of issues, from education to aging, from arts to the environment. We represent the collective philanthropy of hundreds of donors, including corporate, philanthropic and civic leaders throughout Maryland.

Who are the members of the Maryland Community Foundations Association?

Baltimore Community Foundation
Community Foundation of Anne Arundel County
Community Foundation of Carroll County
Community Foundation of the Eastern Shore
Community Foundation of Frederick County
Community Foundation of Harford County
Community Foundation of Howard County
Community Foundation for Montgomery County
Community Foundation of the National Capital Region
Community Foundation for Prince George's County
Community Foundation of Southern Maryland
Community Foundation of Washington County
Community Trust Foundation
Mid-Shore Community Foundation

For More Information:

Endow Maryland

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Maryland Community Foundations Association

mdcommunityfoundations.org

National Standards for Community Foundations

www.cof.org/content/national-standards-us-community-foundations