Unofficial Copy Q3 HB 564/99 - W&M 2000 Regular Session 0lr0293

(PRE-FILED)

By: **Delegate Stocksdale** Requested: July 7, 1999

Introduced and read first time: January 12, 2000

Assigned to: Ways and Means

## A BILL ENTITLED

	$\Delta N$	$\Delta ($	concerning
1	/ 11 A	$\Lambda$ CI	concerning

2	Take Credit for Learning - Income Tax Credit and Subtraction Modification
3	for Education Expenses

- 4 FOR the purpose of allowing individuals a subtraction modification under the
- 5 Maryland income tax for certain education-related expenses paid for
- dependents in kindergarten through grade 12, subject to certain limitations;
- 7 allowing certain individuals with incomes not exceeding a certain amount to
- 8 claim a State income tax credit for certain education-related expenses paid for
- dependents in kindergarten through grade 12, subject to certain limitations;
- making the credit refundable under certain circumstances; defining certain
- terms; providing for the application of this Act; and generally relating to an
- income tax subtraction modification and State income tax credit for
- 13 education-related expenses paid for dependents in kindergarten through grade
- 14 12.
- 15 BY repealing and reenacting, without amendments,
- 16 Article Tax General
- 17 Section 10-208(a)
- 18 Annotated Code of Maryland
- 19 (1997 Replacement Volume and 1999 Supplement)
- 20 BY adding to
- 21 Article Tax General
- 22 Section 10-208(o) and 10-718
- 23 Annotated Code of Maryland
- 24 (1997 Replacement Volume and 1999 Supplement)
- 25 BY repealing and reenacting, with amendments,
- 26 Article Tax General
- 27 Section 10-809
- 28 Annotated Code of Maryland
- 29 (1997 Replacement Volume and 1999 Supplement)

34 DOCTRINES, OR WORSHIP;

1 2	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:												
3	Article - Tax - General												
4	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.												
8 9	(O) MEANING S	(1) STATED			CTION, THIS TIT		ATION-	RELAT	ED EXP	ENSES'	" HAS T	'HE	
12 13 14	(2) SUBJECT TO THE LIMITATIONS UNDER PARAGRAPH (3) OF THIS 1 SUBSECTION, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION 2 INCLUDES THE AMOUNT PAID BY AN INDIVIDUAL DURING THE TAXABLE YEAR FOR 3 EDUCATION-RELATED EXPENSES FOR DEPENDENTS IN KINDERGARTEN THROUGH 4 GRADE 12, REDUCED BY ANY AMOUNT ALLOWED AS A CREDIT UNDER § 10-718 OF 5 THIS TITLE.												
16 17	SUM OF:	(3)	THE SU	BTRAC'	TION UN	IDER T	HIS SUI	BSECTI	ION MA	Y NOT	EXCEE	D THE	
18 19	AND		(I)	\$1,500 I	FOR EAC	CH DEPI	ENDEN	T IN KI	INDERG	ARTEN	TO GR	ADE 6;	
20			(II)	\$2,500 H	FOR EAC	CH DEPI	ENDEN	T IN GI	RADES	7 TO 12.			
21	10-718.												
22 23	(A) INDICATEI	(1) O.	IN THIS	S SECTIO	ON THE	FOLLO	WING V	WORDS	HAVE '	ГНЕ МЕ	EANING	SS	
24		(2)	(I)	"EDUC	ATION-F	RELATE	D EXPI	ENSES"	' MEAN	S:			
	REGULAR S			1. OR SCHO	FEES O							HE	
28 29	DURING TH	HE REG	ULAR SO		SUPPLE YEAR;	EMENT	CURRI(	CULA A	AND INS	STRUCT	TION AV	VAILAE	BLE
	CURRICUL GRADUATI				ASSIST AND KN							E OF CC	ORE
33				C.	DO NO	ΓINCLI	ЛЕ ТН	E TEAC	CHING (	OF RELI	IGIOUS	TENET	S.

			HOUSE BILL 31
3 4	SECONDARY SCHO	OOLS IN	2. EXPENSES FOR TEXTBOOKS, INCLUDING BOOKS AND MATERIALS AND EQUIPMENT USED IN ELEMENTARY AND TEACHING ONLY THOSE SUBJECTS LEGALLY AND PUBLIC ELEMENTARY AND SECONDARY SCHOOLS IN THIS
8 9 10 11	EDUCATIONAL SO OF CORE CURRICU FOR GRADUATION	FTWAR JLUM AI N, PURC USINESS	3. A MAXIMUM EXPENSE OF \$200 PER FAMILY FOR ARDWARE, EXCLUDING SINGLE PURPOSE PROCESSORS, AND E THAT ASSISTS A DEPENDENT TO IMPROVE KNOWLEDGE REAS OR TO EXPAND KNOWLEDGE AND SKILLS REQUIRED HASED FOR USE IN THE TAXPAYER'S HOME AND NOT USED S REGARDLESS OF WHETHER THE COMPUTER IS REQUIRED HOOL; AND
13 14	A DEPENDENT TO	OR FRO	4. THE AMOUNT PAID TO OTHERS FOR TRANSPORTATION OF DM AN ELEMENTARY OR SECONDARY SCHOOL.
			"EDUCATION-RELATED EXPENSES" DOES NOT INCLUDE FEES MENT OR ATTENDANCE AT AN ELEMENTARY OR RING THE REGULAR SCHOOL DAY AND SCHOOL YEAR.
18 19	(3) YEAR" INCLUDES		UCTION OUTSIDE THE REGULAR SCHOOL DAY OR SCHOOL
20		(I)	TUTORING;
21 22	CURRICULUM;	(II)	DRIVER'S EDUCATION TAKEN AS PART OF SCHOOL
23		(III)	MUSIC AND ART LESSONS;
24		(IV)	AFTER SCHOOL ENRICHMENT PROGRAMS; AND
25		(V)	SUMMER CAMPS.
26	(4)	"TEXTI	BOOK" DOES NOT INCLUDE:
		LIGIOUS	INSTRUCTIONAL BOOKS AND MATERIALS USED IN THE TENETS, DOCTRINES, OR WORSHIP, THE PURPOSE OF CH TENETS, DOCTRINES, OR WORSHIP; OR
	INCLUDING SPOR		BOOKS OR MATERIALS FOR EXTRACURRICULAR ACTIVITIES //ENTS, MUSICAL OR DRAMATIC EVENTS, SPEECH UCATION, OR SIMILAR PROGRAMS.

- 33 (B) SUBJECT TO THE LIMITATIONS UNDER SUBSECTION (C) OF THIS SECTION,
- 34 AN INDIVIDUAL WHOSE FEDERAL ADJUSTED GROSS INCOME DOES NOT EXCEED
- 35 \$33,500 MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT
- 36 EQUAL TO THE AMOUNT PAID FOR EDUCATION-RELATED EXPENSES FOR A
- 37 DEPENDENT IN KINDERGARTEN THROUGH GRADE 12.

- 1 (C) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED 2 \$1,000 FOR EACH CHILD AND \$2,000 FOR EACH INCOME TAX RETURN.
- 3 (2) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED BY A 4 MARRIED INDIVIDUAL FILING A SEPARATE RETURN.
- 5 (3) OF THE CREDIT OTHERWISE ALLOWED UNDER THIS SECTION, AN 6 INDIVIDUAL WHO IS A NONRESIDENT OR IS A RESIDENT OF THE STATE FOR ONLY A
- 7 PART OF THE YEAR IS ALLOWED A FRACTION:
- 8 (I) THE NUMERATOR OF WHICH IS THE INDIVIDUAL'S MARYLAND 9 ADJUSTED GROSS INCOME; AND
- 10 (II) THE DENOMINATOR OF WHICH IS THE INDIVIDUAL'S FEDERAL 11 ADJUSTED GROSS INCOME.
- 12 (D) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE YEAR
- 13 EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, CALCULATED BEFORE
- 14 THE APPLICATION OF THE CREDITS UNDER THIS SECTION AND UNDER §§ 10-701 AND
- 15 10-701.1 OF THIS SUBTITLE, BUT AFTER THE APPLICATION OF OTHER CREDITS
- 16 ALLOWABLE UNDER THIS SUBTITLE, THE EXCESS OF THE CREDIT SHALL BE
- 17 REFUNDED.
- 18 10-809.
- 19 If an individual is not required to file an income tax return under § 10-805, §
- 20 10-806 or § 10-813 of this subtitle, the individual:
- 21 (1) is not liable for income tax; and
- 22 (2) may file an income tax return to claim a refund of the income tax
- 23 withheld or estimated income tax paid or a refund under § 10-704 OR § 10-718 of this
- 24 title.
- 25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 26 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,
- 27 1999.