

HOUSE BILL 884

Q3, F5

4lr0512

By: **Delegate Schuh**

Introduced and read first time: February 5, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Nonpublic Education Expenses**

3 FOR the purpose of allowing a parent or guardian a credit against the State income
4 tax for certain nonpublic education expenses; providing that the credit may not
5 exceed a certain amount; providing that the credit may be carried forward to
6 certain taxable years; requiring the Comptroller to adopt certain regulations;
7 defining certain terms; providing for the application of this Act; and generally
8 relating to a State income tax credit for certain nonpublic education expenses.

9 BY adding to
10 Article – Tax – General
11 Section 10–736
12 Annotated Code of Maryland
13 (2010 Replacement Volume and 2013 Supplement)

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

16 **Article – Tax – General**

17 **10–736.**

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

20 (2) (I) “NONPUBLIC EDUCATION EXPENSE” MEANS THE COST
21 OF TUITION, MATERIALS, OR SUPPLIES USED AS PART OF A NONPUBLIC
22 EDUCATION PROGRAM.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(II) “NONPUBLIC EDUCATION EXPENSE” INCLUDES COSTS**
2 **FOR:**

3 **1. CORRESPONDENCE COURSES OR DISTANCE**
4 **LEARNING PROGRAMS;**

5 **2. INSTRUCTION-RELATED MATERIALS;**

6 **3. TEXTBOOKS; OR**

7 **4. WORKBOOKS.**

8 **(III) “NONPUBLIC EDUCATION PROGRAM” MEANS A**
9 **PROGRAM AUTHORIZED UNDER AND OPERATED IN COMPLIANCE WITH §§ 2-206**
10 **AND 7-301 OF THE EDUCATION ARTICLE.**

11 **(B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A PARENT OR**
12 **GUARDIAN MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN**
13 **AMOUNT EQUAL TO THE NONPUBLIC EDUCATION EXPENSES INCURRED BY THE**
14 **PARENT OR GUARDIAN DURING THE TAXABLE YEAR.**

15 **(C) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS**
16 **SECTION MAY NOT EXCEED THE LESSER OF:**

17 **(I) \$1,000; OR**

18 **(II) THE STATE INCOME TAX IMPOSED FOR THE TAXABLE**
19 **YEAR.**

20 **(2) IF THE CREDIT OTHERWISE ALLOWABLE UNDER SUBSECTION**
21 **(B) OF THIS SECTION EXCEEDS THE LIMITATION UNDER PARAGRAPH (1) OF THIS**
22 **SUBSECTION, A PARENT OR GUARDIAN MAY APPLY THE EXCESS AS A CREDIT**
23 **AGAINST THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE**
24 **EARLIER OF:**

25 **(I) THE FULL AMOUNT OF THE EXCESS IS USED; OR**

26 **(II) THE EXPIRATION OF THE FIFTH TAXABLE YEAR AFTER**
27 **THE TAXABLE YEAR IN WHICH THE NONPUBLIC EDUCATION EXPENSE WAS**
28 **INCURRED.**

29 **(D) (1) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY**
30 **OUT THE PROVISIONS OF THIS SECTION.**

1 **(2) THE REGULATIONS ADOPTED UNDER PARAGRAPH (1) OF THIS**
2 **SUBSECTION SHALL PROVIDE FOR VERIFICATION OF:**

3 **(I) THE AMOUNT OF NONPUBLIC EDUCATION EXPENSES**
4 **INCURRED; AND**

5 **(II) PARTICIPATION IN A NONPUBLIC EDUCATION**
6 **PROGRAM.**

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 2014, and shall be applicable to all taxable years beginning after December 31,
9 2013.