

SENATE BILL 676

Q3, F2

6lr1723
CF HB 1014

By: **Senators Kasemeyer, Currie, DeGrange, Ferguson, Guzzone, King, Madaleno, Manno, ~~and Peters~~ Peters, and Brochin**

Introduced and read first time: February 5, 2016

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 27, 2016

CHAPTER _____

1 AN ACT concerning

2 **College Affordability Act of 2016**

3 FOR the purpose of prohibiting certain public institutions of higher education from
4 referring certain delinquent student accounts or debts to the Central Collection Unit
5 under certain circumstances; requiring certain public institutions of higher
6 education to allow certain students with certain unpaid balances on certain student
7 accounts to register for certain courses under certain circumstances; repealing a
8 certain requirement that up to a certain percentage of a certain Part-Time Grant
9 Program allocation be used for a certain purpose; requiring the College Savings
10 Plans of Maryland Board to develop and implement a certain marketing plan;
11 requiring the Board to submit a certain marketing plan on or before a certain date;
12 requiring the Board to adopt procedures for a State contribution program; requiring
13 the Board to provide certain information in the statements for certain accounts;
14 excluding a certain application from a certain fee; authorizing a State contribution
15 to an investment account under certain circumstances; authorizing a certain
16 application to be made by certain methods; requiring the Board to establish certain
17 documentation and procedures for the submittal of a certain application; requiring
18 the State to provide a certain contribution to certain investment accounts under
19 certain circumstances; requiring the Governor to provide a certain appropriation in
20 certain fiscal years to provide certain State contributions; providing certain priorities
21 for State contributions under certain circumstances; requiring certain account
22 holders to make a certain contribution within a certain period of time to qualify for
23 a certain State contribution; requiring certain State contributions to be provided in
24 a certain calendar year; prohibiting a certain account holder from taking a certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 subtraction modification in a certain taxable year; requiring the Board to develop
 2 and implement a certain plan by a certain date; allowing certain individuals with
 3 certain student loan debt amounts a credit against the State income tax; requiring
 4 an application for the tax credit to be made to the Maryland Higher Education
 5 Commission by a certain date with a certain assurance; providing for the recapture
 6 of a certain tax credit under certain circumstances; requiring the Commission to
 7 certify the amount of a certain tax credit by a certain date subject to a certain
 8 limitation; requiring a certain taxpayer to attach a certain certification limiting the
 9 amount of tax credits that the Commission may approve in a taxable year to income
 10 tax returns; requiring the Commission to use certain criteria for prioritizing certain
 11 tax credits; providing for a certain subtraction modification under certain
 12 circumstances; providing for a refundable tax credit under certain circumstances;
 13 requiring the Commission to establish and implement a certain plan by a certain
 14 date; requiring the Commission to adopt certain regulations; requiring the
 15 Commission and the State Department of Education to collaborate on the
 16 development of a certain application for digital devices; ~~requiring a recipient of a~~
 17 ~~certain award to enroll in at least a certain number of credit hours in a certain time~~
 18 ~~period~~; establishing certain award amounts for certain financial assistance grants
 19 for certain ~~semesters~~ academic years subject to certain conditions; limiting the
 20 number of years that a certain award may be made except under certain
 21 circumstances; defining certain terms; requiring the Board to make a certain report
 22 to the General Assembly on or before a certain date; requiring the Commission, in
 23 consultation with the Department of Legislative Services, to retain a certain
 24 consultant to conduct a certain evaluation of the Office of Student Financial
 25 Assistance in the Commission; requiring the Commission and the Department of
 26 Legislative Services to report certain findings and recommendations on or before a
 27 certain date; providing for the application of certain provisions of this Act; and
 28 generally relating to college affordability.

29 BY repealing and reenacting, with amendments,

30 Article – State Finance and Procurement

31 Section 3–302(a)

32 Annotated Code of Maryland

33 (2015 Replacement Volume)

34 BY adding to

35 Article – Education

36 Section 15–119, 18–114, 18–1905.1, and 18–19A–04.1

37 Annotated Code of Maryland

38 (2014 Replacement Volume and 2015 Supplement)

39 BY repealing and reenacting, without amendments,

40 Article – Education

41 Section 18–301, 18–302, 18–303(a) and (b), 18–1401, 18–19A–01, 18–19A–04, and
 42 18–19A–05

43 Annotated Code of Maryland

44 (2014 Replacement Volume and 2015 Supplement)

1 BY repealing and reenacting, with amendments,
 2 Article – Education
 3 Section ~~18–303(a) and (b)~~, 18–304, 18–306, 18–1402, 18–19A–02, and 18–19A–03
 4 Annotated Code of Maryland
 5 (2014 Replacement Volume and 2015 Supplement)

6 ~~BY adding to~~
 7 ~~Article – Education~~
 8 ~~Section 18–114 and 18–19A–04.1~~
 9 ~~Annotated Code of Maryland~~
 10 ~~(2014 Replacement Volume and 2015 Supplement)~~

11 BY repealing and reenacting, without amendments,
 12 Article – Tax – General
 13 Section 10–207(a) and 10–208(a)
 14 Annotated Code of Maryland
 15 (2010 Replacement Volume and 2015 Supplement)

16 BY repealing and reenacting, with amendments,
 17 Article – Tax – General
 18 Section 10–208(o)
 19 Annotated Code of Maryland
 20 (2010 Replacement Volume and 2015 Supplement)

21 BY adding to
 22 Article – Tax – General
 23 Section 10–207(cc) and 10–737
 24 Annotated Code of Maryland
 25 (2010 Replacement Volume and 2015 Supplement)

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

28 **Article – State Finance and Procurement**

29 3–302.

30 (a) (1) Except as otherwise provided in subsection (b) of this section,
 31 **PARAGRAPH (2)(II) OF THIS SUBSECTION**, or in other law, the Central Collection Unit is
 32 responsible for the collection of each delinquent account or other debt that is owed to the
 33 State or any of its officials or units.

34 (2) (I) **[An] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**
 35 **PARAGRAPH, AN** official or unit of the State government shall refer to the Central
 36 **Collection Unit each debt for which the Central Collection Unit has collection responsibility**
 37 **under this subsection and may not settle the debt.**

1 (II) A PUBLIC INSTITUTION OF HIGHER EDUCATION MAY NOT
 2 REFER A DELINQUENT STUDENT ACCOUNT OR DEBT TO THE CENTRAL COLLECTION
 3 UNIT UNLESS, IN ACCORDANCE WITH § 15-119 OF THE EDUCATION ARTICLE:

4 1. THE DELINQUENT ACCOUNT OR DEBT HAS NOT BEEN
 5 SETTLED BY THE END OF THE LATE REGISTRATION PERIOD OF THE SEMESTER
 6 AFTER THE STUDENT ACCOUNT BECAME DELINQUENT; OR

7 2. THE STUDENT HAS NOT ENTERED INTO OR MADE
 8 TIMELY PAYMENTS TO SATISFY AN INSTALLMENT PAYMENT PLAN.

9 (3) For the purposes of this subtitle, a community college or board of
 10 trustees for a community college established or operating under Title 16 of the Education
 11 Article is a unit of the State.

12 **Article - Education**

13 **15-119.**

14 (A) A PUBLIC INSTITUTION OF HIGHER EDUCATION SHALL ALLOW AN
 15 INDIVIDUAL WITH AN UNPAID BALANCE OF \$250 OR LESS ON A STUDENT ACCOUNT
 16 TO REGISTER FOR COURSES AT THE INSTITUTION IF THE INDIVIDUAL SETTLES THE
 17 BALANCE ON THE STUDENT ACCOUNT BY THE END OF THE LATE REGISTRATION
 18 PERIOD FOR THE NEXT SEMESTER.

19 (B) (1) A PUBLIC INSTITUTION OF HIGHER EDUCATION SHALL ALLOW AN
 20 INDIVIDUAL WITH AN UNPAID BALANCE OF MORE THAN \$250 ON A STUDENT
 21 ACCOUNT TO REGISTER FOR COURSES AT THE INSTITUTION IF THE INDIVIDUAL
 22 ENTERS INTO AN INSTALLMENT PAYMENT PLAN BEFORE THE END OF THE LATE
 23 REGISTRATION PERIOD FOR THE CURRENT SEMESTER.

24 (2) THE INSTALLMENT PAYMENT PLAN UNDER PARAGRAPH (1) OF
 25 THIS SUBSECTION SHALL REQUIRE THE INDIVIDUAL TO MAKE PAYMENTS TO SETTLE
 26 THE UNPAID BALANCE ON THE STUDENT ACCOUNT BY THE AGREED ON DATE.

27 **18-1401.**

28 (a) In this section, “part-time student” means a student who:

29 (1) Is enrolled in a degree-granting program at an eligible institution and
 30 taking at least 3 but no more than 11 semester hours of courses each semester; or

31 (2) Is dually enrolled in a secondary school in the State and an institution
 32 of higher education.

1 (b) In cooperation with the institutions of higher education in the State, the
2 Commission shall establish and administer a grant program for undergraduate part-time
3 students.

4 (c) A recipient of a part-time grant shall:

5 (1) Be a resident of the State; and

6 (2) Have demonstrated a definite financial need according to criteria
7 established by the Commission.

8 (d) For courses completed under the program, a recipient who is dually enrolled
9 in a secondary school in the State and an institution of higher education may not be
10 required to receive credit from a secondary school and an institution of higher education at
11 the same time.

12 18-1402.

13 (a) [(1)] Funds for the Part-Time Grant Program shall be allocated by the
14 Commission to each institution of higher education based upon the number of
15 undergraduate part-time students with demonstrated financial need who are enrolled in
16 degree-granting programs at the institution.

17 [(2)] An institution of higher education may use up to 10% of the part-time
18 grant allocation to provide grants to students who are enrolled in at least 3 but less than 6
19 semester hours of courses each semester.

20 (b) In addition to the funds provided under § 18-14A-02(b) of this title,
21 institutions may use up to 10% of the part-time grant allocation to provide grants to
22 students who are dually enrolled.

23 (c) **(B)** Funds for the grant program for part-time students shall be as
24 provided in the annual budget of the Commission by the Governor.

25 **18-1905.1.**

26 **(A) (1) THE BOARD SHALL DEVELOP AND IMPLEMENT A MARKETING**
27 **PLAN TO INCREASE PARTICIPATION IN THE COLLEGE SAVINGS PLANS OF**
28 **MARYLAND.**

29 **(2) (1) THE MARKETING PLAN SHALL IDENTIFY METHODS TO**
30 **INCREASE GENERAL PARTICIPATION IN THE COLLEGE SAVINGS PLANS OF**
31 **MARYLAND.**

1 **(II) THE BOARD SHALL COORDINATE WITH THE BOARD OF**
2 **TRUSTEES OF THE MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL**
3 **RETIREMENT PLANS AND LOCAL SCHOOL SYSTEMS, RESPECTIVELY, TO IDENTIFY**
4 **METHODS TO INCREASE PARTICIPATION IN THE COLLEGE SAVINGS PLANS OF**
5 **MARYLAND AMONG:**

6 **1. STATE EMPLOYEES THAT PARTICIPATE IN OTHER**
7 **STATE TAX SAVINGS PROGRAMS; AND**

8 **2. FAMILIES OF STUDENTS IN LOCAL SCHOOL SYSTEMS**
9 **WITH LOWER RATES OF PARTICIPATION IN THE COLLEGE SAVINGS PLANS OF**
10 **MARYLAND THAN THE STATE POPULATION.**

11 **(B) ON OR BEFORE DECEMBER 1, 2016, AND EVERY 3 YEARS THEREAFTER,**
12 **THE BOARD SHALL SUBMIT THE MARKETING PLAN REQUIRED UNDER SUBSECTION**
13 **(A) OF THIS SECTION TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF**
14 **THE STATE GOVERNMENT ARTICLE, THE SENATE BUDGET AND TAXATION**
15 **COMMITTEE, THE SENATE EDUCATION, HEALTH, AND ENVIRONMENTAL AFFAIRS**
16 **COMMITTEE, THE HOUSE COMMITTEE ON WAYS AND MEANS, AND THE HOUSE**
17 **APPROPRIATIONS COMMITTEE.**

18 18-19A-01.

19 (a) In this subtitle the following words have the meanings indicated.

20 (b) “Account holder” means the person who established an investment account on
21 behalf of a qualified designated beneficiary.

22 (c) “Board” means the College Savings Plans of Maryland Board established
23 under § 18-1904 of this title.

24 (d) “Eligible educational institution” has the meaning stated in § 529(e) of the
25 Internal Revenue Code.

26 (e) “Investment account” means an account established by an account holder
27 under this subtitle on behalf of a qualified designated beneficiary for the purpose of
28 applying distributions toward qualified higher education expenses at eligible educational
29 institutions.

30 (f) “Plan” means the Maryland College Investment Plan established under this
31 subtitle.

32 (g) “Qualified designated beneficiary” has the meaning stated in § 529(e) of the
33 Internal Revenue Code.

1 (h) "Qualified higher education expenses" has the meaning stated in § 529(e) of
2 the Internal Revenue Code.

3 (i) "Qualified state tuition program" has the meaning stated in § 529 of the
4 Internal Revenue Code.

5 18-19A-02.

6 (a) There is a Maryland College Investment Plan.

7 (b) The purpose of the Plan is to allow contributions to an investment account
8 established for the purposes of meeting the qualified higher education expenses of the
9 qualified designated beneficiary of the account.

10 (c) (1) The Board shall administer, manage, promote, and market the Plan.

11 (2) The Board shall administer the Plan in compliance with Internal
12 Revenue Service standards for qualified State tuition programs.

13 (d) The Board shall adopt procedures that the Board considers necessary to carry
14 out the provisions of this subtitle.

15 (e) The Board shall adopt procedures relating to:

16 (1) Application procedures for participation in the Plan;

17 (2) Start-up costs incurred by the State for the development of the Plan
18 with these costs to be reimbursed to the State by the Plan;

19 (3) Early withdrawals, so that there will be no major detriment to the
20 remaining account holders in the Plan; [and]

21 **(4) THE STATE CONTRIBUTION PROGRAM; AND**

22 **[(4)] (5)** Transfer of funds from the Plan to other qualified State tuition
23 programs and from other qualified State tuition programs to the Plan in accordance with
24 federal law.

25 (f) At least annually, the Board shall issue to each account holder a statement
26 that provides a separate accounting for each qualified designated beneficiary providing the
27 following information with respect to each account:

28 (1) The beginning balance;

29 (2) Contributions to the account, **INCLUDING ANY STATE**
30 **CONTRIBUTION;**

1 (3) Withdrawals from the account during the previous year; and

2 (4) Ending investment account value.

3 18–19A–03.

4 (a) (1) The Board may issue requests for proposals to evaluate and determine
5 the means for the administration, management, promotion, or marketing of the Plan.

6 (2) The Board shall consider proposals that meet the following criteria:

7 (i) Ability to develop and administer an investment program of a
8 nature similar to the objectives of the Plan;

9 (ii) Ability to administer financial programs with individual account
10 records and reporting;

11 (iii) Ability to market the Plan to Maryland residents;

12 (iv) Ability to market the Plan to nonresidents of Maryland; and

13 (v) Ability to coordinate the Plan with other programs or
14 informational services considered beneficial by the Board, including the Maryland Prepaid
15 College Trust established under Subtitle 19 of this title.

16 (b) (1) **[The] EXCEPT FOR APPLICATIONS MADE UNDER § 18–19A–04.1 OF**
17 **THIS SUBTITLE, THE** Board may require an initial application fee to be used for
18 administrative costs of the Plan.

19 (2) The Board may require additional fees associated with the expenses of
20 the Plan.

21 (c) (1) Contributions to the Plan on behalf of a qualified designated beneficiary
22 may not exceed the maximum amount determined by the Board to be in accordance with §
23 529 of the Internal Revenue Code.

24 (2) Contributions to the Plan may be made only in cash or cash equivalent.

25 (3) The Plan shall include provisions for automatic contributions.

26 (d) The Board shall adopt procedures to ensure that contributions to the Plan plus
27 contributions or payments to other qualified State tuition programs do not exceed a total
28 maximum amount determined under § 529 of the Internal Revenue Code for contributions
29 to multiple qualified State tuition programs.

30 (e) (1) The Plan:

1 (i) Shall be established in the form determined by the Board; and

2 (ii) May be established as a trust to be declared by the Board.

3 (2) The Plan may be divided into multiple investment portfolios.

4 (3) If the Plan is divided into multiple portfolios as provided in paragraph
5 (2) of this subsection, the debts, liabilities, obligations, and expenses incurred, contracted
6 for, or otherwise existing with respect to a particular portfolio shall be enforceable against
7 the assets of that portfolio only and not against the assets of the Plan generally, if:

8 (i) Distinct records are maintained for each portfolio; and

9 (ii) The assets associated with each portfolio are accounted for
10 separately from the other assets of the Plan.

11 18-19A-04.

12 (a) A Maryland resident or a nonresident of Maryland may participate in and
13 benefit from the Plan.

14 (b) Distributions shall be requested by the account holder.

15 **18-19A-04.1.**

16 **(A) FOR INVESTMENT ACCOUNTS ESTABLISHED AFTER DECEMBER 31,**
17 **2016, A STATE CONTRIBUTION MAY BE MADE TO AN INVESTMENT ACCOUNT AS**
18 **PROVIDED IN THIS SECTION IF:**

19 **(1) ~~THE ACCOUNT HOLDER OR~~ QUALIFIED BENEFICIARY OF THE**
20 **INVESTMENT ACCOUNT IS A MARYLAND RESIDENT;**

21 **(2) THE ACCOUNT HOLDER SUBMITS AN APPLICATION TO THE BOARD**
22 **~~OR ITS DESIGNEE NO EARLIER THAN SEPTEMBER 15 AND NO LATER THAN~~**
23 **~~SEPTEMBER 20 OF EACH YEAR~~ BETWEEN JANUARY 1 AND JUNE 1 OF EACH YEAR;**
24 **AND**

25 **(3) THE ACCOUNT HOLDER HAS MARYLAND TAXABLE INCOME NO**
26 **GREATER THAN \$112,500 FOR AN INDIVIDUAL OR ~~\$225,000~~ \$175,000 FOR A**
27 **MARRIED COUPLE FILING A JOINT RETURN IN THE PREVIOUS TAXABLE YEAR.**

28 **(B) (1) AN APPLICATION MAY BE MADE IN PERSON, ONLINE, OR BY MAIL.**

29 **(2) THE BOARD SHALL:**

1 (I) ESTABLISH A LIST OF DOCUMENTATION THAT MUST BE
2 SUBMITTED WITH THE APPLICATION, INCLUDING DOCUMENTS THAT ESTABLISH
3 MARYLAND TAXABLE INCOME AND MARYLAND RESIDENCY;

4 (II) A PROCEDURE TO CERTIFY THE DATE AND TIME OF RECEIPT
5 OF AN APPLICATION; AND

6 (III) ANY OTHER NECESSARY PROCEDURES FOR THE SUBMITTAL
7 OF APPLICATIONS.

8 (C) (1) FOR AN ACCOUNT HOLDER WITH MARYLAND TAXABLE INCOME OF
9 LESS THAN \$50,000 FOR AN INDIVIDUAL OR ~~\$100,000~~ \$75,000 FOR A MARRIED
10 COUPLE FILING A JOINT RETURN WHO MAKES AN ANNUAL CONTRIBUTION OF AT
11 LEAST \$25 PER BENEFICIARY, THE STATE SHALL PROVIDE AN ADDITIONAL \$250 PER
12 BENEFICIARY.

13 (2) FOR AN ACCOUNT HOLDER WITH MARYLAND TAXABLE INCOME OF
14 AT LEAST \$50,000 BUT LESS THAN \$87,500 FOR AN INDIVIDUAL OR AT LEAST
15 ~~\$100,000~~ \$75,000 BUT LESS THAN ~~\$175,000~~ \$125,000 FOR A MARRIED COUPLE
16 FILING A JOINT RETURN WHO MAKES AN ANNUAL CONTRIBUTION OF AT LEAST \$100
17 PER BENEFICIARY, THE STATE SHALL PROVIDE AN ADDITIONAL \$250 PER
18 BENEFICIARY.

19 (3) FOR AN ACCOUNT HOLDER WITH MARYLAND TAXABLE INCOME OF
20 AT LEAST \$87,500 BUT ~~LESS NO GREATER~~ THAN \$112,500 FOR AN INDIVIDUAL OR AT
21 LEAST ~~\$175,000~~ \$125,000 BUT ~~LESS NO GREATER~~ THAN ~~\$225,000~~ \$175,000 FOR A
22 MARRIED COUPLE FILING A JOINT RETURN WHO MAKES AN ANNUAL CONTRIBUTION
23 OF AT LEAST \$250 PER BENEFICIARY, THE STATE SHALL PROVIDE AN ADDITIONAL
24 \$250 PER BENEFICIARY.

25 (D) (1) THE GOVERNOR SHALL APPROPRIATE IN THE BUDGET BILL AT
26 LEAST THE FOLLOWING AMOUNTS FOR STATE CONTRIBUTIONS:

27 (I) \$5,000,000 IN FISCAL YEAR 2018;

28 (II) \$7,000,000 IN FISCAL YEAR 2019; AND

29 (III) \$10,000,000 IN FISCAL YEAR 2020 AND EACH FISCAL YEAR
30 THEREAFTER.

31 (2) IF THE FUNDING PROVIDED IN A FISCAL YEAR IS NOT SUFFICIENT
32 TO FULLY FUND ALL STATE CONTRIBUTIONS AUTHORIZED UNDER THIS SECTION,
33 THE BOARD SHALL:

1 (I) PROVIDE CONTRIBUTIONS IN THE ORDER IN WHICH
2 APPLICATIONS ARE RECEIVED; AND

3 (II) GIVE PRIORITY TO APPLICATIONS OF ACCOUNT HOLDERS
4 WHO DID NOT RECEIVE A CONTRIBUTION IN ANY PRIOR YEAR.

5 (E) (1) AN ACCOUNT HOLDER WHO HAS BEEN APPROVED TO RECEIVE A
6 STATE CONTRIBUTION SHALL MAKE A CONTRIBUTION BETWEEN JULY 1 AND
7 NOVEMBER 1 OF EACH YEAR IN ORDER TO QUALIFY FOR THE STATE CONTRIBUTION.

8 (2) A STATE CONTRIBUTION SHALL BE MADE ~~IN~~ BY DECEMBER 31 OF
9 THE CALENDAR YEAR ~~FOLLOWING THE CONTRIBUTION OF THE ACCOUNT HOLDER~~
10 IN WHICH THE ACCOUNT HOLDER MADE THE CONTRIBUTION.

11 (F) AN ACCOUNT HOLDER IS NOT ELIGIBLE FOR THE SUBTRACTION
12 MODIFICATION UNDER § 10-208 OF THE TAX - GENERAL - ARTICLE FOR ANY
13 TAXABLE YEAR IN WHICH THE ACCOUNT HOLDER RECEIVES A STATE
14 CONTRIBUTION.

15 (G) THE BOARD SHALL DEVELOP AND IMPLEMENT BY SEPTEMBER 1, 2016,
16 AN OUTREACH AND MARKETING PLAN TO PROVIDE NOTIFICATION TO INDIVIDUALS
17 ABOUT THE AVAILABILITY OF A STATE CONTRIBUTION.

18 18-19A-05.

19 (a) (1) The debts, contracts, and obligations of the Plan are not the contracts,
20 debts, or obligations of the State and neither the faith and credit nor taxing power of the
21 State is pledged directly or indirectly or contingently, morally or otherwise, to the payment
22 of the debts, contracts, and obligations.

23 (2) The Board cannot directly or indirectly or contingently obligate, morally
24 or otherwise, the State to levy or pledge any form of taxation whatsoever for the debts and
25 obligations of the Plan or to make any appropriation for the payment of the debts and
26 obligations of the Plan.

27 (b) Neither the State nor any eligible educational institution shall be liable for
28 any losses or shortage of funds in the event that the account holder's investment account
29 balance is insufficient to meet the tuition requirements of an institution attended by the
30 qualified designated beneficiary.

31 (c) Moneys of the Plan may not be considered moneys of the State or deposited in
32 the State Treasury.

33 (d) Moneys of the Plan may not be considered moneys of or commingled with the
34 Maryland Prepaid College Trust.

1 (e) Moneys of the Plan may not be considered moneys of or commingled with the
2 Maryland Broker–Dealer College Investment Plan.

3 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
4 as follows:

5 **Article – Education**

6 **18–114.**

7 **THE COMMISSION AND THE DEPARTMENT SHALL WORK COLLABORATIVELY**
8 **TO DEVELOP AN APPLICATION FOR USE ON DIGITAL DEVICES THAT PROVIDES:**

9 **(1) INFORMATION ABOUT STATE FINANCIAL AID PROGRAMS;**

10 **(2) CALENDAR NOTIFICATIONS FOR DATES AND DEADLINES**
11 **ASSOCIATED WITH APPLYING FOR FINANCIAL AID; AND**

12 **(3) ANY OTHER INFORMATION THE COMMISSION AND THE**
13 **DEPARTMENT DETERMINE TO BE NECESSARY OR HELPFUL TO PARENTS AND**
14 **STUDENTS REGARDING FINANCIAL AID IN THE STATE.**

15 **Article – Tax – General**

16 **10–207.**

17 (a) To the extent included in federal adjusted gross income, the amounts under
18 this section are subtracted from the federal adjusted gross income of a resident to determine
19 Maryland adjusted gross income.

20 **(CC) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES**
21 **AN AMOUNT CONTRIBUTED BY THE STATE INTO AN INVESTMENT ACCOUNT UNDER §**
22 **18–19A–04.1 OF THE EDUCATION ARTICLE.**

23 **10–208.**

24 (a) In addition to the modification under § 10–207 of this subtitle, the amounts
25 under this section are subtracted from the federal adjusted gross income of a resident to
26 determine Maryland adjusted gross income.

27 (o) (1) (i) In this subsection the following words have the meanings
28 indicated.

29 (ii) “Account holder” means an account holder as defined in §
30 18–19A–01 or § 18–19B–01 of the Education Article.

1 (iii) "Investment account" means an investment account as defined
2 in § 18-19A-01 or § 18-19B-01 of the Education Article.

3 (iv) "Qualified designated beneficiary" means a qualified designated
4 beneficiary as defined in § 18-19A-01 or § 18-19B-01 of the Education Article.

5 (2) (I) [Subject] **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**
6 **THIS PARAGRAPH AND SUBJECT** to the limitation under paragraph (3) of this subsection,
7 the subtraction under subsection (a) of this section includes the amount contributed by an
8 account holder during the taxable year to an investment account.

9 (II) **THE SUBTRACTION UNDER SUBPARAGRAPH (I) OF THIS**
10 **PARAGRAPH MAY NOT BE TAKEN IF THE ACCOUNT HOLDER RECEIVED A STATE**
11 **CONTRIBUTION UNDER § 18-19A-04.1 OF THE EDUCATION ARTICLE DURING THE**
12 **TAXABLE YEAR.**

13 (3) (i) Subject to paragraph (4) of this subsection, for each account
14 holder for all investment accounts maintained in the Maryland College Investment Plan
15 and the Maryland Broker-Dealer College Investment Plan for the same qualified
16 designated beneficiary, the subtraction under paragraph (2) of this subsection may not
17 exceed \$2,500 for any taxable year per qualified designated beneficiary.

18 (ii) For purposes of the limitation under this paragraph, each spouse
19 on a joint return shall be treated separately.

20 (4) Subject to the \$2,500 annual limitation for each account holder for each
21 qualified designated beneficiary, the amount disallowed as a subtraction under this
22 subsection for any taxable year as a result of the limitation under paragraph (3) of this
23 subsection may be carried over until used to the next 10 succeeding taxable years as a
24 subtraction.

25 **10-737.**

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

28 (2) **"COMMISSION" MEANS THE MARYLAND HIGHER EDUCATION**
29 **COMMISSION.**

30 (3) **"QUALIFIED TAXPAYER" MEANS AN INDIVIDUAL WHO HAS:**

31 (I) **INCURRED AT LEAST \$20,000 IN UNDERGRADUATE**
32 **STUDENT LOAN DEBT; AND**

1 (II) HAS AT LEAST \$5,000 IN OUTSTANDING UNDERGRADUATE
2 STUDENT LOAN DEBT WHEN SUBMITTING AN APPLICATION UNDER SUBSECTION (C)
3 OF THIS SECTION.

4 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A QUALIFIED
5 TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR THE
6 TAXABLE YEAR IN WHICH THE COMMISSION CERTIFIES A TAX CREDIT UNDER THIS
7 SECTION.

8 (C) (1) (I) BY SEPTEMBER 15 OF EACH YEAR, AN INDIVIDUAL SHALL
9 SUBMIT AN APPLICATION TO THE COMMISSION FOR THE CREDIT ALLOWED UNDER
10 THIS SECTION.

11 (II) THE INDIVIDUAL SHALL SUBMIT WITH THE APPLICATION AN
12 ASSURANCE THAT THE INDIVIDUAL WILL USE ANY CREDIT APPROVED UNDER THIS
13 SECTION FOR THE REPAYMENT OF THE INDIVIDUAL'S UNDERGRADUATE STUDENT
14 LOAN DEBT AS SOON AS PRACTICABLE.

15 (III) 1. THE TOTAL AMOUNT OF THE CREDIT CLAIMED UNDER
16 THIS SECTION SHALL BE RECAPTURED IF THE INDIVIDUAL DOES NOT USE THE
17 CREDIT APPROVED UNDER THIS SECTION FOR THE REPAYMENT OF THE
18 INDIVIDUAL'S UNDERGRADUATE STUDENT LOAN DEBT WITHIN 2 YEARS FROM THE
19 CLOSE OF THE TAXABLE YEAR FOR WHICH THE CREDIT IS CLAIMED.

20 2. THE INDIVIDUAL WHO CLAIMED THE CREDIT SHALL
21 PAY THE TOTAL AMOUNT OF THE CREDIT CLAIMED AS TAXES PAYABLE TO THE STATE
22 FOR THE TAXABLE YEAR IN WHICH THE EVENT REQUIRING RECAPTURE OF THE
23 CREDIT OCCURS.

24 (2) BY DECEMBER 15 OF EACH YEAR THE COMMISSION SHALL
25 CERTIFY TO THE INDIVIDUAL THE AMOUNT OF ANY TAX CREDIT APPROVED BY THE
26 COMMISSION UNDER THIS SECTION, NOT TO EXCEED \$5,000.

27 (3) FOR ANY TAXABLE YEAR, THE TOTAL AMOUNT OF CREDITS
28 APPROVED BY THE COMMISSION UNDER THIS SECTION MAY NOT EXCEED
29 \$5,000,000.

30 (4) TO CLAIM THE TAX CREDIT ALLOWED UNDER THIS SECTION, AN
31 INDIVIDUAL SHALL ATTACH A COPY OF THE COMMISSION'S CERTIFICATION OF THE
32 APPROVED CREDIT AMOUNT TO THE INCOME TAX RETURN.

33 (D) THE COMMISSION SHALL PRIORITIZE TAX CREDIT RECIPIENTS AND
34 AMOUNTS BASED ON QUALIFIED TAXPAYERS WHO:

1 (1) HAVE HIGHER DEBT BURDEN TO INCOME RATIOS;

2 (2) GRADUATED FROM AN INSTITUTION OF HIGHER EDUCATION
3 LOCATED IN THE STATE;

4 (3) DID NOT RECEIVE A TAX CREDIT IN A PRIOR YEAR; OR

5 (4) WERE ELIGIBLE FOR IN-STATE TUITION.

6 (E) IF THE TAX CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE
7 YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE QUALIFIED TAXPAYER
8 FOR THAT TAXABLE YEAR, THE QUALIFIED TAXPAYER MAY CLAIM A REFUND IN THE
9 AMOUNT OF THE EXCESS.

10 (F) THE COMMISSION SHALL ESTABLISH AND IMPLEMENT BY SEPTEMBER
11 1, 2016, AN OUTREACH AND MARKETING PLAN TO MAKE ELIGIBLE TAXPAYERS
12 AWARE OF THE AVAILABILITY OF THE TAX CREDIT PROVIDED UNDER THIS SECTION.

13 (G) THE COMMISSION SHALL ADOPT REGULATIONS TO CARRY OUT THE
14 PROVISIONS OF THIS SECTION.

15 (H) THE TAX CREDIT UNDER THIS SECTION SHALL BE REFERRED TO AS THE
16 STUDENT LOAN DEBT RELIEF TAX CREDIT.

17 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
18 as follows:

19 Article – Education

20 ~~18-114.~~

21 ~~THE COMMISSION AND THE DEPARTMENT SHALL WORK COLLABORATIVELY~~
22 ~~TO DEVELOP AN APPLICATION FOR USE ON DIGITAL DEVICES THAT PROVIDES:~~

23 ~~(1) INFORMATION ABOUT STATE FINANCIAL AID PROGRAMS;~~

24 ~~(2) CALENDAR NOTIFICATIONS FOR DATES AND DEADLINES~~
25 ~~ASSOCIATED WITH APPLYING FOR FINANCIAL AID; AND~~

26 ~~(3) ANY OTHER INFORMATION THE COMMISSION AND THE~~
27 ~~DEPARTMENT DETERMINE TO BE NECESSARY OR HELPFUL TO PARENTS AND~~
28 ~~STUDENTS REGARDING FINANCIAL AID IN THE STATE.~~

29 18-301.

1 (a) There is a Delegate Howard P. Rawlings Program of Educational Excellence
2 Awards in this State that are awarded under this subtitle.

3 (b) The Program shall consist of the following types of awards:

4 (1) Guaranteed Access Grants that are awarded to the neediest students
5 to ensure that 100 percent of educational costs, as defined by regulations adopted by the
6 Commission, are paid; and

7 (2) Educational Assistance Grants that are awarded to low and moderate
8 income students to assist in paying educational costs, as defined by regulations adopted by
9 the Commission.

10 18-302.

11 The Office of Student Financial Assistance shall publicize the availability of Delegate
12 Howard P. Rawlings Educational Excellence Awards.

13 18-303.

14 (a) Subject to subsection (d) of this section, each recipient of a Delegate Howard
15 P. Rawlings Educational Excellence Award shall:

16 (1) Be accepted for admission in the regular undergraduate program at an
17 eligible institution or be enrolled in a 2-year associate degree program in which the course
18 work is acceptable for transfer credit for an accredited baccalaureate program in an eligible
19 institution;

20 (2) Be a resident of this State;

21 (3) Demonstrate to the Office a definite financial need; and

22 (4) Accept any other conditions attached to the award.

23 (b) Each recipient of a Guaranteed Access Grant shall:

24 (1) Have attained a grade point average of at least 2.5 on a 4.0 scale or its
25 equivalent at the end of the first semester of the senior year in high school and have
26 completed high school or, failing to do so, on the recommendation of the recipient's high
27 school principal, provide evidence satisfactory to the Office of extenuating circumstances;

28 (2) Begin college within 1 year of completing high school or, failing to do
29 so, provide evidence satisfactory to the Office of extenuating circumstances;

30 (3) Be under the age of 22 years at the time of receiving the first award;

1 (4) Have successfully completed a college preparatory program in high
2 school;

3 (5) Enroll in ~~AT LEAST 30 SEMESTER HOURS IN AN ACADEMIC YEAR,~~
4 ~~INCLUDING THE SUMMER SEMESTER, IN~~ college [as a full-time student];

5 (6) Subject to subsection (c) of this section, have an annual family income
6 below a poverty index determined by the Commission; and

7 (7) Satisfy any additional criteria the Commission may establish.

8 18-304.

9 (A) IN THIS SECTION, "ACADEMIC YEAR" MEANS:

10 (1) THE FALL, SPRING, AND SUMMER SEMESTERS; AND

11 (2) ANY SEMESTER SHORTER IN LENGTH THAN THE TERM OF A
12 REGULAR SEMESTER.

13 ~~(B)~~ (1) Except as provided in § 18-307 of this subtitle, the Office shall
14 determine the amount of each Delegate Howard P. Rawlings Educational Excellence Award
15 based on the financial need of the applicant.

16 (2) In determining the amount of financial need, the Office shall consider
17 regional cost-of-living differences.

18 (3) In determining the percent of financial need used to calculate an award
19 for a community college student receiving a Delegate Howard P. Rawlings Educational
20 Excellence Award, the Commission shall use the following percentages:

21 (i) For fiscal year 2007, not less than 55%; and

22 (ii) For fiscal year 2008 and each fiscal year thereafter, not less than
23 60%.

24 ~~(C)~~ (1) Except as provided in [paragraph (2)] PARAGRAPHS (2) AND
25 (3) of this subsection, a Delegate Howard P. Rawlings Educational Excellence Award may
26 be awarded in \$100 increments [and the award for a single year may not be less than \$400
27 or more than \$3,000].

28 (2) (I) THE AMOUNT OF AN EDUCATIONAL ASSISTANCE GRANT
29 MADE TO A STUDENT IN THE STUDENT'S FIRST 2 SEMESTERS ACADEMIC YEARS OF
30 ENROLLMENT MAY NOT BE LESS THAN \$400 OR MORE THAN \$3,000.

1 (II) BEGINNING IN THE THIRD ~~SEMESTER~~ ACADEMIC YEAR OF
 2 ENROLLMENT AND FOR EACH ~~SEMESTER~~ ACADEMIC YEAR THEREAFTER:

3 1. IF THE STUDENT SUCCESSFULLY COMPLETED AT
 4 LEAST ~~15~~ 30 CREDITS IN THE PRIOR ~~SEMESTER~~ ACADEMIC YEAR, THE AMOUNT OF
 5 AN EDUCATIONAL ASSISTANCE GRANT MADE TO A STUDENT MAY NOT BE LESS THAN
 6 \$400 OR MORE THAN \$3,000; OR

7 2. IF THE STUDENT SUCCESSFULLY COMPLETED AT
 8 LEAST ~~12~~ 24 BUT LESS THAN ~~15~~ 30 CREDITS IN THE PRIOR ~~SEMESTER~~ ACADEMIC
 9 YEAR, THE AWARD AMOUNT SHALL BE EQUAL TO THE AMOUNT THE STUDENT WOULD
 10 HAVE OTHERWISE RECEIVED MULTIPLIED BY THE RATIO OF THE NUMBER OF
 11 CREDITS SUCCESSFULLY COMPLETED DIVIDED BY ~~15~~ 30.

12 [(2)](3) (i) All applicants who fulfill the requirements established in
 13 § 18-303(a) and (b) of this subtitle shall receive a Guaranteed Access Grant.

14 (ii) The amount of a Guaranteed Access Grant MADE TO A
 15 STUDENT IN THE STUDENT'S FIRST 2 ~~SEMESTERS~~ ACADEMIC YEARS OF
 16 ENROLLMENT shall be equal to 100 percent of the student's financial need as determined
 17 by the Office, not to exceed the equivalent annual expenses of a full-time resident
 18 undergraduate at the 4-year public institution of higher education within the University
 19 System of Maryland, other than the University of Maryland University College and
 20 University of Maryland, Baltimore, with the highest annual expenses for a full-time
 21 resident undergraduate.

22 (III) BEGINNING IN THE THIRD ~~SEMESTER~~ ACADEMIC YEAR OF
 23 ENROLLMENT AND FOR EACH ~~SEMESTER~~ ACADEMIC YEAR THEREAFTER:

24 1. IF THE STUDENT SUCCESSFULLY COMPLETED AT
 25 LEAST ~~15~~ 30 CREDITS IN THE PRIOR ~~SEMESTER~~ ACADEMIC YEAR, THE AWARD
 26 AMOUNT SHALL BE EQUAL TO 100 PERCENT OF THE STUDENT'S FINANCIAL NEED AS
 27 DETERMINED BY THE OFFICE, NOT TO EXCEED THE EQUIVALENT ANNUAL EXPENSES
 28 OF A FULL-TIME RESIDENT UNDERGRADUATE AT THE 4-YEAR PUBLIC INSTITUTION
 29 OF HIGHER EDUCATION WITHIN THE UNIVERSITY SYSTEM OF MARYLAND, OTHER
 30 THAN THE UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE AND UNIVERSITY OF
 31 MARYLAND, BALTIMORE, WITH THE HIGHEST ANNUAL EXPENSES FOR A FULL-TIME
 32 RESIDENT UNDERGRADUATE; OR

33 2. IF THE STUDENT SUCCESSFULLY COMPLETED AT
 34 LEAST ~~12~~ 24 BUT LESS THAN ~~15~~ 30 CREDITS IN THE PRIOR ~~SEMESTER~~ ACADEMIC
 35 YEAR, THE AWARD AMOUNT SHALL BE EQUAL TO 100 PERCENT MULTIPLIED BY THE
 36 RATIO OF THE NUMBER OF CREDITS SUCCESSFULLY COMPLETED DIVIDED BY ~~15~~ 30.

1 18–306.

2 (a) Subject to the provisions of subsection [(d)] **(C)** of this section, each recipient
3 of a Delegate Howard P. Rawlings Educational Excellence Award may hold the award for
4 **[5] 4** years if the recipient:

5 (1) Continues to be a resident of this State;

6 (2) Continues to be ~~¶a full-time student¶~~ ~~ENROLLED IN AT LEAST 30~~
7 ~~SEMESTER HOURS IN AN ACADEMIC YEAR, INCLUDING THE SUMMER SEMESTER,~~ at
8 an eligible institution ~~¶and takes at least 12 semester hours of courses each semester,¶~~ or
9 its equivalent as determined by the Office;

10 (3) In the judgment of the institution, is making satisfactory progress
11 toward a degree; and

12 (4) Maintains the standards of the institution.

13 (b) Each recipient of a Delegate Howard P. Rawlings Educational Excellence
14 Award who is enrolled in an associate degree program as permitted in § 18–303(a)(1) of this
15 subtitle may hold the award for **[3] 2** years if the same conditions of subsection (a) of this
16 section are met.

17 (c) Each recipient of a Delegate Howard P. Rawlings Educational Excellence
18 Award may hold the award for a 5th year if the recipient **CONTINUES TO SATISFY THE**
19 **REQUIREMENTS UNDER SUBSECTION (A) OF THIS SECTION AND:**

20 (1) Is enrolled in an academic program that, as determined by the
21 institution, requires 5 years to complete; or

22 (2) Provides evidence, satisfactory to the Office, of extenuating financial,
23 academic, or other circumstances that prevent the recipient from completing the academic
24 program in 4 years.

25 [(d) In addition to the requirements for renewal of a Delegate Howard P. Rawlings
26 Educational Excellence Award under subsections (a), (b), and (c) of this section, a recipient
27 of a Guaranteed Access Grant shall hold the grant for not more than 5 consecutive years
28 or, failing to do so, provide evidence satisfactory to the Office of extenuating circumstances.]

29 **(D) EACH RECIPIENT OF A DELEGATE HOWARD P. RAWLINGS**
30 **EDUCATIONAL EXCELLENCE AWARD WHO IS ENROLLED IN AN ASSOCIATE DEGREE**
31 **PROGRAM AS PERMITTED IN § 18–303(A)(1) OF THIS SUBTITLE MAY HOLD THE**
32 **AWARD FOR A 3RD YEAR IF THE RECIPIENT:**

33 **(1) CONTINUES TO SATISFY THE REQUIREMENTS UNDER**
34 **SUBSECTION (A) OF THIS SECTION; AND**

1 **(2) PROVIDES EVIDENCE, SATISFACTORY TO THE OFFICE, OF**
2 **EXTENUATING FINANCIAL, ACADEMIC, OR OTHER CIRCUMSTANCES THAT PREVENT**
3 **THE RECIPIENT FROM COMPLETING THE ACADEMIC PROGRAM IN 2 YEARS.**

4 SECTION 4. AND BE IT FURTHER ENACTED, That, on or before December 1,
5 2017, the College Savings Plans of Maryland Board shall report to the General Assembly,
6 in accordance with § 2–1246 of the State Government Article, on:

7 (1) whether the State contribution program established under this Act
8 increases the number of low–income individuals that establish an investment account; and

9 (2) actions taken by the College Savings Plans of Maryland to provide
10 outreach and marketing to low–income individuals regarding the Prepaid College Trust
11 and the Investment Plan.

12 SECTION 5. AND BE IT FURTHER ENACTED, That:

13 (a) The Maryland Higher Education Commission, in consultation with the
14 Department of Legislative Services, shall retain a consultant to conduct an independent
15 evaluation of the effectiveness of the operation of the Office of Student Financial Assistance
16 in the Maryland Higher Education Commission;

17 (b) In addition to the evaluation required under subsection (a) of this section, the
18 consultant shall make recommendations on how to implement Section 3 of this Act and how
19 to overcome any impediments the Office of Student Financial Assistance may encounter in
20 implementing Section 3 of this Act; and

21 (c) On or before October 1, 2017, the Maryland Higher Education Commission
22 and the Department of Legislative Services shall report the findings and recommendations
23 required under subsections (a) and (b) of this section to the Governor and, in accordance
24 with § 2–1246 of the State Government Article, the Senate Budget and Taxation
25 Committee, the Senate Education, Health, and Environmental Affairs Committee, the
26 House Committee on Ways and Means, and the House Appropriations Committee.

27 SECTION ~~5~~ 6. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 July 1, 2016. Section 2 of this Act shall be applicable to all taxable years beginning after
29 December 31, ~~2015~~ 2016. Section 3 of this Act shall apply beginning in the ~~2017–2018~~
30 2018–2019 academic year.