HOUSE BILL 644

Q3, F5 8lr1796

By: Delegates Lam, Ebersole, and Turner

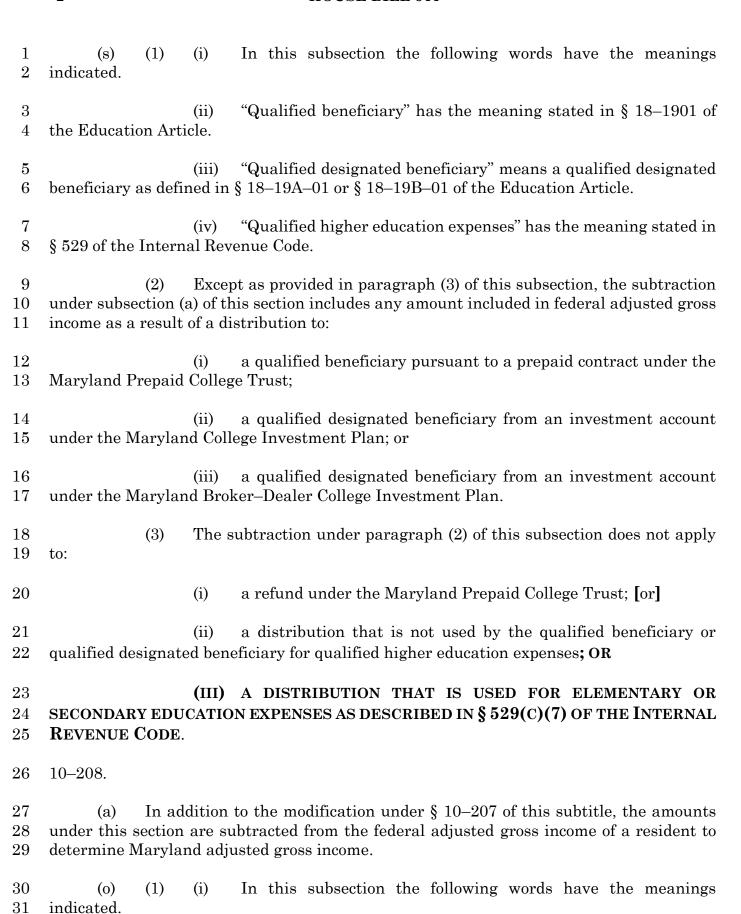
Introduced and read first time: January 29, 2018

Assigned to: Ways and Means

A BILL ENTITLED

1	AN ACT concerning
2 3	State Income Tax – Subtraction Modification – Elementary and Secondary Education Expenses
4 5 6 7 8	FOR the purpose of excluding from a subtraction modification certain contributions to and distributions from a certain investment plan that is used for certain elementary and secondary education expenses; providing for the application of this Act; and generally relating to income tax subtraction modifications for certain elementary and secondary education expenses.
9 10 11 12 13	BY repealing and reenacting, without amendments, Article – Tax – General Section 10–207(a) and 10–208(a) Annotated Code of Maryland (2016 Replacement Volume and 2017 Supplement)
14 15 16 17 18	BY repealing and reenacting, with amendments, Article – Tax – General Section 10–207(s) and 10–208(o) Annotated Code of Maryland (2016 Replacement Volume and 2017 Supplement)
19 20	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
21	Article - Tax - General
22	10–207.
23 24 25	(a) To the extent included in federal adjusted gross income, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.





- 1 (ii) "Account holder" means an account holder as defined in § $2\ 18-19A-01$ or § 18-19B-01 of the Education Article.
- 3 (iii) "Contributor" means an individual who contributes funds to a 4 Maryland College Investment Plan or Broker–Dealer College Investment Plan account 5 under Title 18, Subtitle 19A or Subtitle 19B of the Education Article.
- 6 (iv) "Investment account" means an investment account as defined 7 in $\S 18-19A-01$ or $\S 18-19B-01$ of the Education Article.
- 8 (v) "Qualified designated beneficiary" means a qualified designated 9 beneficiary as defined in § 18–19A–01 or § 18–19B–01 of the Education Article.
- 10 (2) (i) Except as provided in subparagraph (ii) of this paragraph and subject to the limitation under paragraph (3) of this subsection, the subtraction under subsection (a) of this section includes the amount contributed by an account holder or a contributor during the taxable year to an investment account.
- 14 (ii) The subtraction under subparagraph (i) of this paragraph may 15 not be taken if:
- 16 the account holder received a State contribution under § 18–19A–04.1 of the Education Article during the taxable year; **OR**
- 2. THE FUNDS CONTRIBUTED TO A MARYLAND COLLEGE INVESTMENT PLAN ARE USED FOR ELEMENTARY OR SECONDARY EDUCATION EXPENSES AS DESCRIBED IN § 529(C)(7) OF THE INTERNAL REVENUE CODE.
- (3) (i) Subject to paragraph (4) of this subsection, for each account holder or contributor for all investment accounts maintained in the Maryland College Investment Plan and the Maryland Broker–Dealer College Investment Plan for the same qualified designated beneficiary, the subtraction under paragraph (2) of this subsection may not exceed \$2,500 for any taxable year per qualified designated beneficiary.
- 26 (ii) For purposes of the limitation under this paragraph, each spouse 27 on a joint return shall be treated separately.
- 28 (4) Subject to the \$2,500 annual limitation for each account holder or contributor for each qualified designated beneficiary, the amount disallowed as a subtraction under this subsection for any taxable year as a result of the limitation under paragraph (3) of this subsection may be carried over until used to the next 10 succeeding taxable years as a subtraction.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.