

SENATE BILL 317

F2, Q3

8lr0613
CF 8lr3202

By: **Senators Pinsky, Kasemeyer, Conway, Madaleno, Astle, Benson, Currie, Feldman, Ferguson, Guzzone, King, Klausmeier, Lee, Manno, Mathias, McFadden, Middleton, Muse, Nathan-Pulliam, Oaks, Peters, Ramirez, Robinson, Rosapepe, Smith, Young, and Zucker**

Introduced and read first time: January 24, 2018

Assigned to: Education, Health, and Environmental Affairs and Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Higher Education Degree and Job Certification Without Debt Act of 2018**

3 FOR the purpose of requiring the Governor to include a certain amount in the State budget
4 for certain fiscal years for the Maryland Higher Education Commission to establish
5 a near completer communication campaign; requiring the Commission to develop
6 and implement a certain web-based match program for near completers; requiring
7 the Commission to encourage certain institutions of higher education to participate
8 in a certain program; requiring certain institutions to provide the Commission with
9 certain information in a certain format; requiring the Commission to make a certain
10 determination and send certain information to near completers; requiring the
11 Governor to include a certain amount in the State budget for certain fiscal years for
12 the Commission to develop and implement a certain match program; establishing
13 eligibility requirements for a certain match program; requiring the Governor to
14 include a certain amount in the State budget for certain fiscal years for the
15 Commission to provide certain awards to certain students subject to certain
16 limitations; requiring certain grants to be provided on a first-come, first-served
17 basis; requiring the Commission and certain community colleges to make certain
18 reports to the General Assembly on or before certain dates; prohibiting certain
19 governing boards from approving increases in tuition that are more than a certain
20 amount for certain academic years; requiring the Governor to include a certain
21 amount from certain funds in the State budget in certain fiscal years to limit
22 increases in tuition to a certain amount; expanding the purposes for which a certain
23 fund may be used; establishing a certain account within a certain fund; specifying
24 the purpose of the account; specifying the contents of the account; specifying the
25 purposes for which the account may be used; prohibiting certain community colleges
26 from increasing certain tuition rates more than a certain amount beginning in a
27 certain academic year; establishing the Maryland Community College Promise
28 Program; providing for the purpose of the Program; requiring the Commission to

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 administer the Program; requiring the Commission to make the Program available
2 beginning in a certain academic year; establishing eligibility criteria for a certain
3 grant; requiring a certain grant to be converted to a loan subject to a certain interest
4 rate under a certain circumstance; requiring that a certain conversion to a loan be
5 deferred under certain circumstances; requiring the Commission to provide a certain
6 grant up to a certain amount to certain recipients subject to certain limitations;
7 authorizing a recipient to use a certain grant at certain institutions; providing for a
8 one time waiver or an extension from a certain limitation under certain
9 circumstances; requiring the Governor to provide certain funds in the State budget
10 for certain grants in certain fiscal years; requiring the Governor to provide certain
11 funds in the State budget to be distributed according to a certain calculation and to
12 be used for a certain purpose; requiring the Commission to adopt certain procedures;
13 authorizing the Commission to adopt certain regulations; requiring the Governor to
14 provide certain amounts for need-based programs in certain fiscal years subject to a
15 certain exception; increasing the maximum amount for certain awards in certain
16 fiscal years; imposing a certain State income tax on the Maryland taxable income,
17 attributable to certain investment management services, of an individual or a
18 corporation or the distributive share of a pass-through entity; providing that the tax
19 does not apply under certain circumstances; defining certain terms; providing for the
20 application of certain provisions of this Act; and generally relating to higher
21 education and the State income tax and certain investment management services.

22 BY repealing and reenacting, with amendments,
23 Article – Education
24 Section 11–209, 15–106.5, 15–106.6, 18–107(a), and 18–304(c)(2)(i) and (ii)1.
25 Annotated Code of Maryland
26 (2014 Replacement Volume and 2017 Supplement)

27 BY adding to
28 Article – Education
29 Section 16–317 and 16–514; and 16–701 through 16–707 to be under the new subtitle
30 “Subtitle 7. The Maryland Community College Promise Program”
31 Annotated Code of Maryland
32 (2014 Replacement Volume and 2017 Supplement)

33 BY repealing and reenacting, without amendments,
34 Article – Education
35 Section 18–107(b)
36 Annotated Code of Maryland
37 (2014 Replacement Volume and 2017 Supplement)

38 BY adding to
39 Article – Tax – General
40 Section 2–608.2 and 10–102.2
41 Annotated Code of Maryland
42 (2016 Replacement Volume and 2017 Supplement)

1 BY repealing and reenacting, with amendments,
2 Article – Tax – General
3 Section 10–102.1(a) and (d)
4 Annotated Code of Maryland
5 (2016 Replacement Volume and 2017 Supplement)

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

8 **Article – Education**

9 11–209.

10 (a) In this section, “near completer” means an individual who has completed some
11 college credits but does not have a college degree and is no longer attending an institution
12 of higher education.

13 (b) **(1) (I)** The Commission, in collaboration with institutions of higher
14 education, shall create a statewide communication campaign to identify near completers in
15 the State and to encourage near completers to re–enroll in an institution of higher
16 education to earn a degree.

17 **(II) FOR EACH OF FISCAL YEARS 2020 THROUGH 2024, THE**
18 **GOVERNOR SHALL INCLUDE IN THE STATE BUDGET \$250,000 TO THE COMMISSION**
19 **TO FUND A STATEWIDE COMMUNICATION CAMPAIGN.**

20 **[(c)] (2)** The communication campaign shall:

21 **[(1)] (I)** Make use of a variety of marketing media, including billboards,
22 brochures, and electronic resources;

23 **[(2)] (II)** Provide a centralized contact point for near completers to get
24 information about and assistance with re–enrolling;

25 **[(3)] (III)** Make readily available contact information for each public
26 institution of higher education in the State; and

27 **[(4)] (IV)** Focus on near completers who:

28 **[(i)] 1.** Earned a minimum grade point average of 2.0 on a scale
29 of 4.0 while in college; and

30 **[(ii) 1.] 2. A.** Earned at least 45 credit hours if the individual
31 attended a community college; or

32 **[2.] B.** Earned at least 90 credit hours if the individual

1 attended a senior higher education institution.

2 [(d) (1) The Commission shall develop and implement a plan that would
3 provide an incentive to:

4 (i) A near completer to re-enroll and earn a degree; and

5 (ii) A college to identify and graduate near completers.

6 (2) The incentive plan shall use all available resources, including
7 institutional funds, private sector funds, and State funds.]

8 (c) (1) THE COMMISSION SHALL DEVELOP AND IMPLEMENT A
9 CENTRALIZED WEB-BASED MATCH PROGRAM FOR NEAR COMPLETERS THAT
10 FACILITATES THE MATCHING OF A NEAR COMPLETER WITH ANY INSTITUTION OF
11 HIGHER EDUCATION AT WHICH THE NEAR COMPLETER WOULD BE ABLE TO
12 COMPLETE THE DEGREE.

13 (2) THE COMMISSION SHALL ENCOURAGE EACH INSTITUTION OF
14 HIGHER EDUCATION IN THE STATE TO PARTICIPATE IN THE MATCH PROGRAM AT NO
15 COST TO THE INSTITUTION.

16 (3) (I) AN INSTITUTION THAT PARTICIPATES IN THE MATCH
17 PROGRAM SHALL PROVIDE THE COMMISSION WITH INFORMATION REGARDING
18 NEAR COMPLETERS WHO ATTENDED THE INSTITUTION, AS REQUESTED BY THE
19 COMMISSION AND IN THE FORMAT IDENTIFIED BY THE COMMISSION.

20 (II) ON RECEIPT OF INFORMATION UNDER SUBPARAGRAPH (I)
21 OF THIS PARAGRAPH, THE COMMISSION SHALL:

22 1. DETERMINE ANY MATCHES BETWEEN A NEAR
23 COMPLETER AND INSTITUTIONS; AND

24 2. SEND INFORMATION TO THE NEAR COMPLETER
25 REGARDING THE MATCHES, ANY INCENTIVES OFFERED FOR NEAR COMPLETERS BY
26 THE STATE OR BY THE INSTITUTIONS, AND ANY OTHER FINANCIAL AID AVAILABLE
27 TO THE NEAR COMPLETER.

28 (4) FOR EACH OF FISCAL YEARS 2020 THROUGH 2024, THE
29 GOVERNOR SHALL INCLUDE IN THE STATE BUDGET \$50,000 TO THE COMMISSION
30 TO DEVELOP AND IMPLEMENT THE MATCH PROGRAM FOR NEAR COMPLETERS
31 DESCRIBED UNDER THIS SUBSECTION.

32 (D) (1) A NEAR COMPLETER IS ELIGIBLE FOR A GRANT UNDER THIS

1 SECTION IF THE NEAR COMPLETER:

2 (I) EARNED A MINIMUM GRADE POINT AVERAGE OF 2.0 ON A
3 SCALE OF 4.0 WHILE IN COLLEGE; AND

4 (II) 1. EARNED AT LEAST 45 CREDIT HOURS IF THE
5 INDIVIDUAL ATTENDED A COMMUNITY COLLEGE; OR

6 2. EARNED AT LEAST 90 CREDIT HOURS IF THE
7 INDIVIDUAL ATTENDED A SENIOR HIGHER EDUCATION INSTITUTION.

8 (2) THE GOVERNOR SHALL INCLUDE IN THE STATE BUDGET THE
9 AMOUNT SPECIFIED IN PARAGRAPH (3) OF THIS SUBSECTION TO THE COMMISSION
10 TO PROVIDE TO A NEAR COMPLETER THE FOLLOWING AMOUNT:

11 (I) FOR A NEAR COMPLETER WHO RE-ENROLLS IN A
12 COMMUNITY COLLEGE, UP TO ONE-THIRD OF THE IN-COUNTY TUITION CHARGE; OR

13 (II) FOR A NEAR COMPLETER WHO RE-ENROLLS IN A PUBLIC
14 4-YEAR INSTITUTION, UP TO ONE-THIRD OF THE RESIDENT UNDERGRADUATE
15 TUITION CHARGE.

16 (3) THE GOVERNOR SHALL INCLUDE THE FOLLOWING AMOUNTS IN
17 THE STATE BUDGET TO THE COMMISSION FOR NEAR COMPLETER GRANTS UNDER
18 PARAGRAPH (2) OF THIS SUBSECTION:

19 (I) FOR FISCAL YEAR 2020, \$500,000; AND

20 (II) FOR EACH OF FISCAL YEARS 2021 THROUGH 2024,
21 \$750,000.

22 (4) A GRANT PROVIDED UNDER THIS SUBSECTION MAY BE USED ONLY
23 FOR TUITION AND MAY NOT BE USED FOR FEES OR OTHER CHARGES OR EXPENSES
24 RELATED TO ATTENDING AN INSTITUTION OF HIGHER EDUCATION.

25 (5) ALL NONLOAN AID RECEIVED BY THE NEAR COMPLETER SHALL BE
26 CREDITED TO THE NEAR COMPLETER'S TUITION BEFORE THE CALCULATION OF THE
27 GRANT AMOUNT PROVIDED UNDER THIS SUBSECTION.

28 (6) GRANTS SHALL BE PROVIDED ON A FIRST-COME, FIRST-SERVED
29 BASIS.

30 (e) The Commission and institutions of higher education may implement other

1 near completer initiatives in addition to the campaign and [incentive plan] MATCH
2 PROGRAM required under this section.

3 (f) By December 1, [2013] **2019, AND EVERY DECEMBER 1 THROUGH 2025,**
4 the Commission shall submit a report, in accordance with § 2–1246 of the State
5 Government Article, to the General Assembly on the details of the statewide
6 communication campaign and the [incentive plan] MATCH PROGRAM, including [the
7 expected timeline for] implementation **OF THE CAMPAIGN AND MATCH PROGRAM AND**
8 **A DETAILED ACCOUNT OF THE EXPENDITURES UNDER THE GRANT PROGRAM**
9 **ESTABLISHED IN SUBSECTION (D) OF THIS SECTION.**

10 15–106.5.

11 (a) (1) In this section the following words have the meanings indicated.

12 (2) “Academic year” means the period commencing with the fall semester
13 and continuing through the immediately following summer session at a public senior higher
14 education institution.

15 (3) “Governing board” means:

16 (i) The Board of Regents of the University System of Maryland;
17 [and]

18 (ii) The Board of Regents of Morgan State University; **AND**

19 **(III) THE BOARD OF TRUSTEES OF ST. MARY’S COLLEGE OF**
20 **MARYLAND.**

21 (4) “Public senior higher education institution” has the meaning stated in
22 [§ 10–101(m)(1) and (2)] **§ 10–101** of this article.

23 (5) (i) “Tuition” means the charges approved by the governing board of
24 a public senior higher education institution that are required of all undergraduate resident
25 students by the institution as a condition of enrollment regardless of the student’s degree
26 program, field of study, or selected courses.

27 (ii) “Tuition” does not include:

28 1. Fees that are required of all undergraduate resident
29 students by the institution as a condition of enrollment regardless of the student’s degree
30 program, field of study, or selected courses;

31 2. Fees dedicated to support auxiliary enterprises and other
32 self-funded activities of a public senior higher education institution; or

1 3. A fee required only for enrollment in a specific degree
2 program, field of study, or course when that fee is not required of undergraduate resident
3 students at the public senior higher education institution for enrollment in other degree
4 programs, fields of study, or courses.

5 (b) Notwithstanding any other provision of law, for the academic years beginning
6 in the fall of [2006 and 2007] **2019 AND CONTINUING THROUGH THE FALL OF 2021**
7 only, a governing board may not approve, and a public senior higher education institution
8 may not impose, an increase in the tuition charged for an academic year to a resident
9 undergraduate student at the institution **THAT IS MORE THAN 2%** over the amount
10 charged for tuition at the institution in the preceding academic year.

11 (c) **(1) FOR FISCAL YEARS 2020 THROUGH 2022, THE GOVERNOR SHALL**
12 **PROVIDE IN THE STATE BUDGET AN APPROPRIATION OF GENERAL FUNDS OR**
13 **HIGHER EDUCATION INVESTMENT FUNDS TO THE RESPECTIVE GOVERNING**
14 **BOARDS IN AN AMOUNT EQUAL TO A 3% INCREASE IN THE RESIDENT**
15 **UNDERGRADUATE TUITION OVER THE PRIOR FISCAL YEAR.**

16 **(2) FOR FISCAL YEARS 2021 AND 2022, THE AMOUNT REQUIRED TO**
17 **BE APPROPRIATED TO THE RESPECTIVE GOVERNING BOARDS UNDER PARAGRAPH**
18 **(1) OF THIS SUBSECTION IN THE PRIOR FISCAL YEAR SHALL BE INCLUDED WHEN**
19 **CALCULATING THE AMOUNT REQUIRED IN THE CURRENT FISCAL YEAR.**

20 15–106.6.

21 (a) (1) In this section the following words have the meanings indicated.

22 (2) “Fund” means the Higher Education Investment Fund.

23 (3) “Public Senior Higher Education Institution” has the meaning stated in
24 § 10–101(m) of this article.

25 (4) “Trust Account” means the Tuition Stabilization Trust Account.

26 (5) “Tuition” means the charges and fees approved by the governing board
27 of a public senior higher education institution which are required of all undergraduate
28 resident students by the institution as a condition of enrollment regardless of the student’s
29 degree program, field of study, or selected courses.

30 (b) (1) There is a Higher Education Investment Fund.

31 (2) The purpose of the Fund is to:

32 (i) Invest in public higher education and workforce development;

33 and

- 1 (ii) Keep tuition affordable for Maryland students and families.
- 2 (3) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of
3 the State Finance and Procurement Article.
- 4 (4) The Treasurer shall hold the Fund and the Comptroller shall account
5 for the Fund.
- 6 (5) The proceeds of the Fund shall be invested and reinvested.
- 7 (6) Any investment earnings shall be paid into the Fund.
- 8 (7) The Fund consists of:
- 9 (i) Money appropriated in the State budget for the Fund; and
- 10 (ii) Any other money from any other source accepted for the benefit
11 of the Fund.
- 12 (8) The Commission shall administer the Fund.
- 13 (9) Money in the Fund may be expended only:
- 14 (i) To supplement General Fund appropriations to research
15 institutes of the University System of Maryland and public senior higher education
16 institutions;
- 17 (ii) For capital projects for research institutes of the University
18 System of Maryland and public senior higher education institutions;
- 19 (iii) For workforce development initiatives administered by the
20 Commission; [and]
- 21 (iv) **TO MAKE HIGHER EDUCATION MORE AFFORDABLE FOR**
22 **STUDENTS; AND**
- 23 (v) For initiatives to address higher education needs related to the
24 United States Department of Defense Base Realignment and Closure process.
- 25 (10) Expenditures from the Fund may be made only in accordance with an
26 appropriation approved by the General Assembly in the annual State budget.
- 27 (c) (1) Within the Fund there is a Tuition Stabilization Trust Account.
- 28 (2) (i) The Trust Account is established to retain revenues for
29 stabilizing tuition costs for resident undergraduate students.

1 (ii) In years of increasing corporate tax revenues that are allocated
2 to the Fund under § 2–613.1 of the Tax – General Article, funds shall be deposited into the
3 Trust Account.

4 (iii) Funds in the Trust Account shall be used only to stabilize tuition
5 at public senior higher education institutions.

6 (iv) It is the goal of the State that any increase in resident
7 undergraduate tuition and academic fees at public senior institutions of higher education
8 in any given year should be limited to a percent not to exceed the increase in the 3–year
9 rolling average of the State’s median family income.

10 (3) The Trust Account consists of:

11 (i) Money appropriated in the State budget for the Trust Account;
12 and

13 (ii) Any other money from any other source accepted for the benefit
14 of the Trust Account.

15 (4) A balance of between 1% and 5% of resident undergraduate tuition
16 revenues received by public senior higher education institutions in the prior fiscal year
17 should be maintained in the Trust Account.

18 (5) Money in the Trust Account may be expended only to supplement
19 General Fund appropriations to public senior higher education institutions for the purpose
20 of stabilizing tuition costs of resident undergraduate students.

21 **(D) (1) WITHIN THE FUND THERE IS A HIGHER EDUCATION**
22 **AFFORDABILITY TRUST ACCOUNT.**

23 **(2) (I) THE HIGHER EDUCATION AFFORDABILITY TRUST**
24 **ACCOUNT IS ESTABLISHED TO RETAIN REVENUES TO MAKE HIGHER EDUCATION**
25 **MORE AFFORDABLE FOR STUDENTS.**

26 **(II) INCOME TAX REVENUES THAT ARE ALLOCATED TO THE**
27 **FUND UNDER § 2–608.2 OF THE TAX – GENERAL ARTICLE SHALL BE DEPOSITED**
28 **INTO THE HIGHER EDUCATION AFFORDABILITY TRUST ACCOUNT.**

29 **(III) FUNDS IN THE HIGHER EDUCATION AFFORDABILITY**
30 **TRUST ACCOUNT SHALL BE USED ONLY TO FUND THE:**

31 **1. NEAR COMPLETER COMMUNICATION CAMPAIGN AND**
32 **WEB–BASED MATCH PROGRAM REQUIRED UNDER § 11–209 OF THIS ARTICLE;**

1 **2. LIMITATION ON TUITION INCREASES REQUIRED**
2 **UNDER § 15–106.5 OF THIS SUBTITLE;**

3 **3. MARYLAND COMMUNITY COLLEGE PROMISE**
4 **PROGRAM ESTABLISHED UNDER TITLE 16, SUBTITLE 7 OF THIS ARTICLE; AND**

5 **4. INCREASE OVER FISCAL YEAR 2019 IN THE**
6 **APPROPRIATION FOR THE NEED–BASED FINANCIAL AID PROGRAMS AS REQUIRED**
7 **UNDER § 18–107(A) OF THIS ARTICLE.**

8 **(3) THE HIGHER EDUCATION AFFORDABILITY TRUST ACCOUNT**
9 **CONSISTS OF:**

10 **(I) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE**
11 **HIGHER EDUCATION AFFORDABILITY TRUST ACCOUNT; AND**

12 **(II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**
13 **FOR THE BENEFIT OF THE HIGHER EDUCATION AFFORDABILITY TRUST ACCOUNT.**

14 **16–317.**

15 **BEGINNING IN THE 2019–2020 ACADEMIC YEAR, A COMMUNITY COLLEGE IN**
16 **THE STATE MAY NOT INCREASE THE IN–COUNTY TUITION RATE OVER THE PRIOR**
17 **YEAR BY MORE THAN THE INCREASE IN THE 3–YEAR ROLLING AVERAGE OF THE**
18 **STATE’S MEDIAN FAMILY INCOME.**

19 **16–514.**

20 **BEGINNING IN THE 2019–2020 ACADEMIC YEAR, BALTIMORE CITY**
21 **COMMUNITY COLLEGE MAY NOT INCREASE THE TUITION RATE OVER THE PRIOR**
22 **YEAR BY MORE THAN THE INCREASE IN THE 3–YEAR ROLLING AVERAGE OF THE**
23 **STATE’S MEDIAN FAMILY INCOME.**

24 **SUBTITLE 7. THE MARYLAND COMMUNITY COLLEGE PROMISE PROGRAM.**

25 **16–701.**

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

28 **(B) “ACADEMIC YEAR” HAS THE MEANING STATED IN § 18–304 OF THIS**
29 **ARTICLE.**

1 (C) "APPLICANT" MEANS A STUDENT OR PROSPECTIVE STUDENT WHO
2 APPLIES FOR A GRANT UNDER THIS SUBTITLE.

3 (D) "CERTIFICATE" INCLUDES ONLY INDUSTRY-RECOGNIZED
4 CERTIFICATES, OCCUPATIONAL LICENSES, AND REGISTERED APPRENTICESHIP
5 PROGRAMS FOR WHICH COURSES ARE PROVIDED BY A COMMUNITY COLLEGE.

6 (E) "COMMUNITY COLLEGE" INCLUDES BALTIMORE CITY COMMUNITY
7 COLLEGE.

8 (F) "FULL-TIME" MEANS ENROLLING IN AT LEAST 30 CREDIT HOURS
9 DURING AN ACADEMIC YEAR.

10 (G) "PROGRAM" MEANS THE MARYLAND COMMUNITY COLLEGE PROMISE
11 PROGRAM.

12 (H) "RECIPIENT" MEANS A STUDENT OR PROSPECTIVE STUDENT WHO
13 RECEIVES A GRANT UNDER THIS SUBTITLE.

14 (I) "SUPPORT SERVICES" MEANS SERVICES THAT ARE PROVIDED TO A
15 RECIPIENT, INCLUDING MENTORING, TUTORING, DAY CARE COSTS,
16 TRANSPORTATION COSTS, ACADEMIC OR OTHER COUNSELING SERVICES, OR ANY
17 OTHER INITIATIVE THAT IS ADOPTED BY A COMMUNITY COLLEGE TO PROMOTE THE
18 ACADEMIC SUCCESS OF THE STUDENT.

19 16-702.

20 (A) THERE IS A MARYLAND COMMUNITY COLLEGE PROMISE PROGRAM.

21 (B) THE PURPOSE OF THE PROGRAM IS TO PROVIDE AN OPPORTUNITY FOR
22 COMMUNITY COLLEGE STUDENTS TO EARN AN ASSOCIATE DEGREE OR A
23 CERTIFICATE DEBT-FREE.

24 (C) THE COMMISSION SHALL ADMINISTER THE PROGRAM.

25 (D) THE COMMISSION SHALL MAKE THE PROGRAM AVAILABLE BEGINNING
26 IN THE 2019-2020 ACADEMIC YEAR.

27 16-703.

28 (A) A STUDENT MUST APPLY ANNUALLY TO THE COMMISSION TO RECEIVE
29 A GRANT UNDER THE PROGRAM.

1 **(B) (1) TO BE ELIGIBLE TO RECEIVE A GRANT UNDER THE PROGRAM, AN**
2 **APPLICANT SHALL:**

3 **(I) HAVE A FEDERAL ADJUSTED GROSS INCOME OF NOT MORE**
4 **THAN \$150,000;**

5 **(II) 1. BE ELIGIBLE FOR IN-COUNTY STATUS FOR TUITION**
6 **PURPOSES AS PROVIDED IN THIS ARTICLE IF THE APPLICANT WILL BE ATTENDING A**
7 **COMMUNITY COLLEGE OTHER THAN BALTIMORE CITY COMMUNITY COLLEGE; OR**

8 **2. BE ELIGIBLE FOR IN-STATE STATUS FOR TUITION**
9 **PURPOSES AS PROVIDED IN THIS ARTICLE IF THE APPLICANT WILL BE ATTENDING**
10 **BALTIMORE CITY COMMUNITY COLLEGE;**

11 **(III) 1. BE CONTINUOUSLY ENROLLED AS A FULL-TIME**
12 **STUDENT IN A 2-YEAR ASSOCIATE DEGREE PROGRAM; OR**

13 **2. BE CONTINUOUSLY ENROLLED IN A PROGRAM THAT**
14 **LEADS TO THE ISSUANCE OF A CERTIFICATE;**

15 **(IV) HAVE GRADUATED FROM A MARYLAND PUBLIC SECONDARY**
16 **SCHOOL OR RECEIVED A GED NOT MORE THAN 12 MONTHS BEFORE FIRST**
17 **RECEIVING A GRANT UNDER THIS PROGRAM IF THE APPLICANT IS ENROLLING IN A**
18 **2-YEAR ASSOCIATE DEGREE PROGRAM;**

19 **(V) AGREE TO RESIDE EXCLUSIVELY IN MARYLAND AND BE**
20 **EMPLOYED IN MARYLAND FOR A CONTINUOUS NUMBER OF YEARS EQUAL TO THE**
21 **DURATION OF THE GRANT RECEIVED UNDER THIS SUBTITLE;**

22 **(VI) REMAIN IN GOOD STANDING AT THE COMMUNITY COLLEGE**
23 **OF ATTENDANCE; AND**

24 **(VII) SUBMIT A COMPLETED FREE APPLICATION FOR FEDERAL**
25 **STUDENT AID (FAFSA) IN A TIMELY MANNER.**

26 **(2) (I) THE INCOME LIMITATIONS UNDER PARAGRAPH (1) OF THIS**
27 **SUBSECTION SHALL BE THE COMBINED ADJUSTED GROSS INCOME OF THE**
28 **APPLICANT AND THE APPLICANT'S PARENTS OR THE APPLICANT AND THE**
29 **APPLICANT'S SPOUSE, IF THE APPLICANT IS MARRIED.**

30 **(II) AN APPLICANT SHALL MEET THE INCOME LIMITATIONS**
31 **UNDER THIS SUBSECTION FOR EACH ACADEMIC YEAR FOR WHICH THE APPLICANT**
32 **APPLIES FOR A GRANT UNDER THE PROGRAM.**

1 **(C) (1) (I) IF A RECIPIENT DOES NOT COMPLY WITH THE AGREEMENT**
2 **REQUIRED UNDER SUBSECTION (B)(1)(V) OF THIS SECTION, THE GRANT AMOUNT**
3 **RECEIVED UNDER THIS SUBTITLE SHALL BE CONVERTED TO A LOAN PAYABLE TO**
4 **THE STATE.**

5 **(II) THE AMOUNT OF THE LOAN THAT THE RECIPIENT MUST**
6 **REPAY SHALL BE PRORATED TO ACCOUNT FOR THE NUMBER OF YEARS THE**
7 **RECIPIENT COMPLIED WITH THE AGREEMENT.**

8 **(III) THE INTEREST RATE ON THE REPAYMENT OF THE LOAN**
9 **SHALL BE 1 PERCENTAGE POINT ABOVE THE AVERAGE PRIME RATE OF INTEREST**
10 **QUOTED BY COMMERCIAL BANKS TO LARGE BUSINESSES DURING THE STATE'S**
11 **PREVIOUS FISCAL YEAR, BASED ON DETERMINATION BY THE BOARD OF**
12 **GOVERNORS OF THE FEDERAL RESERVE BANK.**

13 **(2) (I) CONVERSION TO A LOAN SHALL BE DEFERRED IF THE**
14 **RECIPIENT ENROLLS ON AT LEAST A PART-TIME BASIS IN AN INSTITUTION OF**
15 **HIGHER EDUCATION TO COMPLETE A 4-YEAR, GRADUATE, OR PROFESSIONAL**
16 **DEGREE.**

17 **(II) CONVERSION TO A LOAN FOR A REASON OTHER THAN THAT**
18 **STATED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY BE DEFERRED ON**
19 **APPLICATION TO THE COMMISSION SHOWING REASONABLE INABILITY OF THE**
20 **RECIPIENT TO COMPLY WITH THE AGREEMENT.**

21 **16-704.**

22 **(A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
23 **COMMISSION SHALL PROVIDE A GRANT TO AN ELIGIBLE APPLICANT IN AN AMOUNT**
24 **NOT MORE THAN:**

25 **(I) FOR THE 2019-2020 ACADEMIC YEAR, \$1,000;**

26 **(II) FOR THE 2020-2021 ACADEMIC YEAR, \$2,000;**

27 **(III) FOR THE 2021-2022 ACADEMIC YEAR, \$3,000; AND**

28 **(IV) FOR THE 2022-2023 ACADEMIC YEAR AND FOR EACH**
29 **ACADEMIC YEAR THEREAFTER, 100% OF TUITION.**

30 **(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, A GRANT**
31 **MADE UNDER THE PROGRAM MAY NOT EXCEED THE COST OF:**

1 **(I) IN-COUNTY TUITION CHARGES AT THE COMMUNITY**
2 **COLLEGE FOR WHICH A RECIPIENT IS ELIGIBLE FOR IN-COUNTY TUITION STATUS**
3 **UNDER THIS ARTICLE IF THE RECIPIENT IS NOT ATTENDING BALTIMORE CITY**
4 **COMMUNITY COLLEGE; OR**

5 **(II) IN-STATE TUITION CHARGES AT BALTIMORE CITY**
6 **COMMUNITY COLLEGE IF THE RECIPIENT IS ATTENDING BALTIMORE CITY**
7 **COMMUNITY COLLEGE.**

8 **(3) THE TUITION CHARGES UNDER PARAGRAPH (2) OF THIS**
9 **SUBSECTION SHALL ACCOUNT FOR ANY RECIPROCITY AGREEMENTS THAT MAY**
10 **EXIST BETWEEN COMMUNITY COLLEGES THAT BENEFIT RESIDENTS OF ANOTHER**
11 **COUNTY.**

12 **(B) (1) ALL NONLOAN AID RECEIVED BY THE RECIPIENT SHALL BE**
13 **CREDITED TO THE RECIPIENT'S TUITION BEFORE THE CALCULATION OF THE GRANT**
14 **AMOUNT PROVIDED UNDER THE PROGRAM.**

15 **(2) THE COMMISSION MAY NOT CREDIT THE EXPECTED FAMILY**
16 **CONTRIBUTION TO THE RECIPIENT'S TUITION BEFORE CALCULATING THE GRANT**
17 **AMOUNT.**

18 **(C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A**
19 **RECIPIENT MAY USE A GRANT AWARD PROVIDED UNDER THIS SUBTITLE ONLY AT**
20 **THE PUBLIC COMMUNITY COLLEGE LOCATED IN THE COUNTY OR, IN THE CASE OF A**
21 **PUBLIC REGIONAL COMMUNITY COLLEGE, IN THE REGION WHERE THE RECIPIENT**
22 **LIVES.**

23 **(2) IF THE PUBLIC COMMUNITY COLLEGE LOCATED IN THE COUNTY**
24 **OR REGION WHERE THE RECIPIENT LIVES DOES NOT OFFER THE DEGREE OR**
25 **CERTIFICATION PROGRAM IN WHICH THE RECIPIENT WANTS TO ENROLL, THEN THE**
26 **RECIPIENT MAY USE THE GRANT AT ANY PUBLIC COMMUNITY COLLEGE IN THE**
27 **STATE THAT OFFERS THE PROGRAM.**

28 **(D) FOR A RECIPIENT ENROLLED IN A PROGRAM THAT LEADS TO THE**
29 **ISSUANCE OF A CERTIFICATE, A GRANT UNDER THE PROGRAM IS LIMITED TO ONE**
30 **CERTIFICATE.**

31 **(E) GRANT AWARDS SHALL FIRST BE MADE TO PRIOR YEAR RECIPIENTS**
32 **WHO REMAIN ELIGIBLE FOR THE PROGRAM AND THEN TO ELIGIBLE NEW**
33 **RECIPIENTS ON A FIRST-COME, FIRST-SERVED BASIS.**

1 **(F) EXCEPT AS PROVIDED IN SUBSECTIONS (G) AND (H) OF THIS SECTION,**
2 **FOR A RECIPIENT WHO IS CONTINUOUSLY ENROLLED AS A FULL-TIME STUDENT IN**
3 **A 2-YEAR ASSOCIATE DEGREE PROGRAM, THE RECIPIENT IS ELIGIBLE FOR A GRANT**
4 **UNDER THE PROGRAM FOR THE LESSER OF:**

5 **(1) 2 ACADEMIC YEARS; OR**

6 **(2) THE ACCUMULATION OF 60 CREDITS.**

7 **(G) (1) A ONETIME WAIVER TO THE LIMITATION UNDER SUBSECTION (F)**
8 **OF THIS SECTION IS AVAILABLE IF THE RECIPIENT PROVIDES SATISFACTORY**
9 **EVIDENCE OF EXTENUATING CIRCUMSTANCES THAT PREVENTED THE RECIPIENT**
10 **FROM CONTINUOUS ENROLLMENT, INCLUDING:**

11 **(I) ENROLLING IN REMEDIAL COURSES; AND**

12 **(II) A PERSONAL OR FAMILY MEDICAL CONDITION.**

13 **(2) A RECIPIENT WHO RECEIVES A WAIVER IS ELIGIBLE FOR A GRANT**
14 **UNDER THE PROGRAM FOR ONE ADDITIONAL SEMESTER OF ENROLLMENT.**

15 **(H) THE LIMITATION UNDER SUBSECTION (F) OF THIS SECTION SHALL BE**
16 **EXTENDED IF:**

17 **(1) THE DEGREE PROGRAM IS DEFINED AS MORE THAN A 2-YEAR**
18 **ASSOCIATE DEGREE;**

19 **(2) PROFESSIONAL ACCREDITATION REQUIRES A HIGHER NUMBER**
20 **OF CREDIT HOURS OR REQUIRES COURSEWORK THAT CANNOT BE COMPLETED IN 60**
21 **CREDITS; OR**

22 **(3) CERTIFICATION REQUIREMENTS RESULT IN A NEED FOR CREDIT**
23 **HOURS IN EXCESS OF 60.**

24 **(I) THE GOVERNOR SHALL PROVIDE IN THE STATE BUDGET THE**
25 **FOLLOWING AMOUNTS FOR GRANTS UNDER THIS PROGRAM:**

26 **(1) FOR FISCAL YEAR 2020, \$32,000,000;**

27 **(2) FOR FISCAL YEAR 2021, \$40,000,000;**

28 **(3) FOR FISCAL YEAR 2022, \$45,000,000; AND**

1 (4) FOR FISCAL YEAR 2023 AND EACH FISCAL YEAR THEREAFTER,
2 \$50,000,000.

3 16-705.

4 BEGINNING IN FISCAL YEAR 2020 AND IN EACH FISCAL YEAR THEREAFTER,
5 THE GOVERNOR SHALL INCLUDE IN THE STATE BUDGET \$250,000 TO BE
6 DISTRIBUTED TO THE PUBLIC COMMUNITY COLLEGES IN THE STATE IN AN AMOUNT
7 PROPORTIONAL TO THE NUMBER OF FULL-TIME EQUIVALENT STUDENTS INCLUDED
8 IN THE CALCULATION OF STATE AID UNDER §§ 16-305 AND 16-512 OF THIS TITLE
9 TO BE USED TO FUND SUPPORT SERVICES FOR RECIPIENTS WHO HAVE RECEIVED A
10 GRANT UNDER THE PROGRAM.

11 16-706.

12 (A) THE COMMISSION SHALL ADOPT PROCEDURES TO ADMINISTER THE
13 PROGRAM.

14 (B) THE COMMISSION MAY ADOPT REGULATIONS NECESSARY TO CARRY
15 OUT THIS SUBTITLE.

16 16-707.

17 ON OR BEFORE DECEMBER 1, 2019, AND EACH DECEMBER 1 THEREAFTER,
18 THE COMMISSION AND EACH PUBLIC COMMUNITY COLLEGE SHALL SUBMIT A
19 REPORT, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE,
20 TO THE GENERAL ASSEMBLY ON THE IMPLEMENTATION OF THE PROGRAM,
21 INCLUDING:

22 (1) THE NUMBER OF APPLICANTS;

23 (2) THE NUMBER OF RECIPIENTS ENROLLED IN 2-YEAR ASSOCIATE
24 DEGREE PROGRAMS;

25 (3) THE NUMBER OF RECIPIENTS ENROLLED IN CERTIFICATE
26 PROGRAMS;

27 (4) THE AVERAGE AWARD AMOUNT;

28 (5) THE POTENTIAL IMPACT OF THE PROGRAM ON TOTAL COLLEGE
29 PARTICIPATION RATES IN THE STATE;

30 (6) THE POTENTIAL IMPACT OF THE PROGRAM ON ENROLLMENT AT

1 PUBLIC 4-YEAR INSTITUTIONS IN THE STATE;

2 (7) SUPPORT SERVICES PROVIDED TO RECIPIENTS; AND

3 (8) THE SUCCESSFUL PERSISTENCE AND GRADUATION RATES OF
4 RECIPIENTS COMPARED TO OTHER STUDENTS ENROLLED IN THE COMMUNITY
5 COLLEGE.

6 18-107.

7 (a) (1) Each year, money for each student financial assistance program
8 administered by the Office shall be included in the State budget.

9 (2) (I) IN THIS PARAGRAPH, "NEED-BASED PROGRAMS" MEANS
10 THE FINANCIAL AID PROGRAMS UNDER SUBTITLES 3, 14, AND 26 OF THIS TITLE.

11 (II) [Each year, the] SUBJECT TO SUBPARAGRAPH (III) OF THIS
12 PARAGRAPH, THE Governor shall include in the State budget [at least 80 percent of the
13 funds appropriated in the prior fiscal year for need-based programs as provided in §§
14 18-301, 18-706(f), 18-1401, 18-1501, and 18-2601 of this title] THE FOLLOWING
15 AMOUNT FOR NEED-BASED PROGRAMS:

16 1. FOR FISCAL YEAR 2020, \$90,000,000;

17 2. FOR FISCAL YEAR 2021, \$97,500,000;

18 3. FOR FISCAL YEAR 2022, \$105,000,000;

19 4. FOR FISCAL YEAR 2023, \$112,500,000; AND

20 5. FOR FISCAL YEAR 2024 AND EACH FISCAL YEAR
21 THEREAFTER, \$120,000,000.

22 (III) IF ALL STUDENTS ELIGIBLE FOR A NEED-BASED PROGRAM
23 AWARD HAVE RECEIVED AN AWARD IN THE CURRENT FISCAL YEAR, THE AMOUNT
24 REQUIRED UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH FOR THE FOLLOWING
25 FISCAL YEAR SHALL BE EQUAL TO THE AMOUNT PROVIDED IN THE CURRENT FISCAL
26 YEAR.

27 (b) Except as otherwise provided in this title, money appropriated under this title
28 that is not used by the end of the fiscal year shall be deposited in the Need-based Student
29 Financial Assistance Fund.

30 18-304.

1 (c) (2) (i) The amount of an Educational Assistance Grant made to a
 2 student in the student's first 2 academic years of enrollment may not be less than \$400 or
 3 more than:

4 1. IN FISCAL YEAR 2019, \$3,000;

5 2. IN FISCAL YEAR 2020, \$3,100;

6 3. IN FISCAL YEAR 2021, \$3,200;

7 4. IN FISCAL YEAR 2022, \$3,300;

8 5. IN FISCAL YEAR 2023, \$3,400; AND

9 6. IN FISCAL YEAR 2024 AND EACH FISCAL YEAR
 10 THEREAFTER, \$3,500.

11 (ii) Beginning in the third academic year of enrollment and for each
 12 academic year thereafter:

13 1. If the student successfully completed at least 30 credits in
 14 the prior academic year, the amount of an Educational Assistance Grant made to a student
 15 may not be less than \$400 or more than [\$3,000] **THE MAXIMUM AMOUNT ESTABLISHED**
 16 **IN SUBPARAGRAPH (I) OF THIS PARAGRAPH;** or

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

19 **Article – Tax – General**

20 **2–608.2.**

21 **AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2–604 THROUGH**
 22 **2–608.1 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE REVENUES**
 23 **COLLECTED UNDER §§ 10–102.1(D)(3) AND 10–102.2 OF THIS ARTICLE TO THE**
 24 **HIGHER EDUCATION AFFORDABILITY TRUST ACCOUNT ESTABLISHED UNDER §**
 25 **15–106.6 OF THE EDUCATION ARTICLE.**

26 10–102.1.

27 (a) (1) In this section the following words have the meanings indicated.

28 (2) “Distributable cash flow” means taxable income reportable by a
 29 pass-through entity on its federal income tax return for the taxable year:

1 (i) adjusted, in the case of an entity using the accrual method of
2 accounting to report federal taxable income, to reflect the amount of taxable income that
3 would have been reported under the cash method of accounting;

4 (ii) increased by the sum of:

5 1. cash receipts for the taxable year that are not includable
6 in the gross income of the entity, including capital contributions and loan proceeds;

7 2. amounts allowable to the entity for the taxable year as
8 deductions for depreciation, amortization, and depletion; and

9 3. the decrease, if any, in the entity's liability reserve as of
10 the end of the taxable year; and

11 (iii) decreased by the sum of:

12 1. cash expenditures for the taxable year that are not
13 deductible in computing the taxable income of the entity, not including distributions to
14 shareholders, partners, or members; and

15 2. the increase, if any, in the entity's liability reserve as of
16 the end of the taxable year.

17 (3) **“INVESTMENT MANAGEMENT SERVICES” MEANS A SERVICE**
18 **PROVIDED BY A PARTNER OR SHAREHOLDER TO A PARTNERSHIP, AN S**
19 **CORPORATION, OR ANY OTHER ENTITY IF THE SERVICES INCLUDE PROVIDING A**
20 **SUBSTANTIAL QUANTITY OF THE FOLLOWING:**

21 **(I) ADVISING AS TO THE ADVISABILITY OF INVESTING IN,**
22 **PURCHASING, OR SELLING A SPECIFIED ASSET;**

23 **(II) MANAGING, ACQUIRING, OR DISPOSING OF A SPECIFIED**
24 **ASSET;**

25 **(III) ARRANGING FINANCING WITH RESPECT TO ACQUIRING A**
26 **SPECIFIED ASSET; OR**

27 **(IV) ANY ACTIVITY IN SUPPORT OF ANY OF THE SERVICES**
28 **DESCRIBED IN ITEMS (I) THROUGH (III) OF THIS PARAGRAPH.**

29 **(4) “Liability reserve” means accrued unpaid liabilities that are not**
30 **deductible in computing taxable income.**

1 **[(4)] (5)** “Member” means:

2 (i) a shareholder of an S corporation;

3 (ii) a general or limited partner of a partnership, limited
4 partnership, or limited liability partnership;

5 (iii) a member of a limited liability company; or

6 (iv) a beneficiary of a business trust or statutory trust.

7 **[(5)] (6)** “Nonresident entity” means an entity that is not formed under
8 the laws of the State and is not qualified by or registered with the Department of
9 Assessments and Taxation to do business in the State.

10 **[(6)] (7)** “Nonresident taxable income” means any income described in §
11 10–210(b)(1) through (4) of this title.

12 **[(7)] (8)** “Pass-through entity” means:

13 (i) an S corporation;

14 (ii) a partnership;

15 (iii) a limited liability company that is not taxed as a corporation
16 under this title; or

17 (iv) a business trust or statutory trust that is not taxed as a
18 corporation under this title.

19 **(9) “SMALL BUSINESS” MEANS A CORPORATION, A PARTNERSHIP, A
20 SOLE PROPRIETORSHIP, OR ANY OTHER BUSINESS ENTITY THAT:**

21 **(I) MANAGES ASSETS OF LESS THAN \$25,000,000;**

22 **(II) HAS TOTAL ASSETS OF \$5,000,000 OR LESS; AND**

23 **(III) IS NOT CONTROLLED BY, DOES NOT CONTROL, AND IS NOT
24 UNDER COMMON CONTROL WITH ANOTHER PERSON THAT IS NOT A SMALL
25 BUSINESS.**

26 **(10) “SPECIFIED ASSET” MEANS SECURITIES, REAL ESTATE HELD FOR
27 RENTAL OR INVESTMENT, INTERESTS IN PARTNERSHIPS, COMMODITIES, OR
28 OPTIONS OR DERIVATIVES CONTRACTS.**

1 (d) (1) Except as provided in [paragraph (2)] PARAGRAPHS (2) AND (3) of
2 this subsection, the tax imposed under subsection (b) of this section is the sum of:

3 (i) a rate equal to the sum of the rate of the tax imposed under §
4 10–106.1 of this subtitle and the top marginal State tax rate for individuals under §
5 10–105(a) of this subtitle applied to the sum of each nonresident individual member’s
6 distributive share or pro–rata share of a pass–through entity’s nonresident taxable income;
7 and

8 (ii) the rate of the tax for a corporation under § 10–105(b) of this
9 subtitle applied to the sum of each nonresident entity member’s distributive share or
10 pro–rata share of a pass–through entity’s nonresident taxable income.

11 (2) The tax required to be paid for any taxable year on behalf of nonresident
12 or nonresident entity members by a pass–through entity may not exceed the sum of all of
13 the nonresident and nonresident entity members’ shares of the pass–through entity’s
14 distributable cash flow.

15 **(3) (I) IN ADDITION TO THE TAX IMPOSED UNDER SUBSECTION (B)**
16 **OF THIS SECTION, A STATE TAX IS IMPOSED THAT IS EQUAL TO 19% OF THE**
17 **DISTRIBUTIVE SHARE OR PRO–RATA SHARE OF A PASS–THROUGH ENTITY’S**
18 **NONRESIDENT TAXABLE INCOME THAT IS ATTRIBUTABLE TO INVESTMENT**
19 **MANAGEMENT SERVICES PROVIDED IN THE STATE.**

20 **(II) THE TAX IMPOSED UNDER THIS PARAGRAPH DOES NOT**
21 **APPLY TO:**

22 **1. THE INCOME ATTRIBUTABLE TO A FEE CALCULATED**
23 **BASED ON REFERENCE TO THE TOTAL ASSETS UNDER THE MANAGEMENT OF AN**
24 **ENTITY ENGAGED IN INVESTMENT MANAGEMENT SERVICES;**

25 **2. THE INCOME ATTRIBUTABLE TO A PERSON**
26 **OPERATING AS A SMALL BUSINESS CONDUCTING INVESTMENT MANAGEMENT**
27 **SERVICES; OR**

28 **3. THE DISTRIBUTIVE SHARE OR PRO–RATA SHARE OF A**
29 **PASS–THROUGH ENTITY’S NONRESIDENT TAXABLE INCOME THAT IS ATTRIBUTABLE**
30 **TO INVESTMENT MANAGEMENT SERVICES PROVIDED IN THE STATE IF, DURING THE**
31 **TAXABLE YEAR, AT LEAST 80% OF THE AVERAGE FAIR MARKET VALUE OF THE**
32 **SPECIFIED ASSETS OF THE PASS–THROUGH ENTITY CONSISTS OF REAL ESTATE.**

33 **10–102.2.**

34 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
35 **INDICATED.**

1 **(2) “INVESTMENT MANAGEMENT SERVICES” MEANS A SERVICE**
2 **PROVIDED BY A PARTNER OR SHAREHOLDER TO A PARTNERSHIP, AN S**
3 **CORPORATION, OR ANY OTHER ENTITY IF THE SERVICES INCLUDE PROVIDING A**
4 **SUBSTANTIAL QUANTITY OF THE FOLLOWING:**

5 **(I) ADVISING AS TO THE ADVISABILITY OF INVESTING IN,**
6 **PURCHASING, OR SELLING A SPECIFIED ASSET;**

7 **(II) MANAGING, ACQUIRING, OR DISPOSING OF A SPECIFIED**
8 **ASSET;**

9 **(III) ARRANGING FINANCING WITH RESPECT TO ACQUIRING A**
10 **SPECIFIED ASSET; OR**

11 **(IV) ANY ACTIVITY IN SUPPORT OF ANY OF THE SERVICES**
12 **DESCRIBED IN ITEMS (I) THROUGH (III) OF THIS PARAGRAPH.**

13 **(3) “SMALL BUSINESS” MEANS A CORPORATION, A PARTNERSHIP, A**
14 **SOLE PROPRIETORSHIP, OR ANY OTHER BUSINESS ENTITY THAT:**

15 **(I) MANAGES ASSETS OF LESS THAN \$25,000,000;**

16 **(II) HAS TOTAL ASSETS OF \$5,000,000 OR LESS; AND**

17 **(III) IS NOT CONTROLLED BY, DOES NOT CONTROL, AND IS NOT**
18 **UNDER COMMON CONTROL WITH ANOTHER PERSON THAT IS NOT A SMALL**
19 **BUSINESS.**

20 **(4) “SPECIFIED ASSET” MEANS SECURITIES, REAL ESTATE HELD FOR**
21 **RENTAL OR INVESTMENT, INTERESTS IN PARTNERSHIPS, COMMODITIES, OR**
22 **OPTIONS OR DERIVATIVES CONTRACTS.**

23 **(B) (1) IN ADDITION TO ANY OTHER TAX IMPOSED UNDER THIS TITLE, A**
24 **STATE TAX IS IMPOSED ON THE MARYLAND TAXABLE INCOME OF A CORPORATION**
25 **OR AN INDIVIDUAL, INCLUDING SPOUSES FILING A JOINT RETURN OR A SURVIVING**
26 **SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE INTERNAL REVENUE**
27 **CODE, THAT IS ATTRIBUTABLE TO INVESTMENT MANAGEMENT SERVICES.**

28 **(2) THE TAX IMPOSED UNDER PARAGRAPH (1) OF THIS SUBSECTION**
29 **FOR A CORPORATION OR AN INDIVIDUAL, INCLUDING SPOUSES FILING A JOINT**
30 **RETURN OR A SURVIVING SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF**
31 **THE INTERNAL REVENUE CODE, IS EQUAL TO 19% OF THE MARYLAND TAXABLE**

1 INCOME THAT IS ATTRIBUTABLE TO INVESTMENT MANAGEMENT SERVICES.

2 (3) THE TAX IMPOSED UNDER PARAGRAPH (1) OF THIS SUBSECTION
3 DOES NOT APPLY TO THE INCOME ATTRIBUTABLE TO FEES CALCULATED BY
4 REFERENCE TO THE TOTAL ASSETS UNDER THE MANAGEMENT OF AN ENTITY
5 ENGAGED IN INVESTMENT MANAGEMENT SERVICES.

6 (4) (I) A PERSON OPERATING AS A SMALL BUSINESS CONDUCTING
7 INVESTMENT MANAGEMENT SERVICES IS NOT SUBJECT TO THE TAX UNDER THIS
8 SUBSECTION.

9 (II) A PARTNER OR SHAREHOLDER IS NOT SUBJECT TO THE TAX
10 UNDER THIS SUBSECTION IF, DURING THE TAXABLE YEAR, AT LEAST 80% OF THE
11 AVERAGE FAIR MARKET VALUE OF THE SPECIFIED ASSETS OF THE PARTNERSHIP, S
12 CORPORATION, OR OTHER ENTITY CONSISTS OF REAL ESTATE.

13 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be
14 applicable to all taxable years beginning after December 31, 2017.

15 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
16 1, 2018.