

SENATE BILL 550

O3, J1

(8lr3003)

ENROLLED BILL

— Budget and Taxation/Health and Government Operations —

Introduced by **Senators Zucker, Feldman, Ferguson, Guzzone, King, Middleton, Peters, Serafini, and Smith**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Maryland Achieving a Better Life Experience (ABLE) Program – ~~Death of a~~**
3 **~~Designated Beneficiary~~ Modifications**

4 FOR the purpose of providing that certain money in the Maryland Prepaid College Trust
5 may not be considered money of or be commingled with the Maryland Broker–Dealer
6 College Investment Plan or the Maryland ABLE Program; altering the title of a
7 certain savings plan under the authority of the Maryland 529 Board; requiring the
8 Board to allow the transfer of funds from certain trusts and plans to a certain
9 program; altering the limit on money and assets that a certain account holder can
10 contribute to an ABLE account during a certain period of time; altering the
11 circumstances under which the Board shall issue a refund to an ABLE account
12 contributor; authorizing money and assets in an ABLE account to be transferred, on
13 the death of a designated beneficiary, to a certain estate or a certain ABLE account
14 for an eligible individual, unless prohibited by federal law; prohibiting the State,

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.

Italics indicate opposite chamber/conference committee amendments.



1 unless required by federal law, from seeking payment from an ABLE account or its
 2 proceeds for certain medical benefits paid for the designated beneficiary; altering
 3 certain definitions; and generally relating to the Maryland ABLE Program.

4 BY repealing and reenacting, without amendments,

5 Article – Education

6 Section 18–1903(a), 18–19A–01(a), 18–19A–02(a), 18–19B–01(a), 18–19B–02(a),
 7 18–19C–01(b), and 18–19C–02(b)

8 Annotated Code of Maryland

9 (2014 Replacement Volume and 2017 Supplement)

10 ~~BY repealing~~

11 ~~Article – Education~~

12 ~~Section 18–19C–10~~

13 ~~Annotated Code of Maryland~~

14 ~~(2014 Replacement Volume and 2017 Supplement)~~

15 BY adding to

16 Article – Education

17 Section 18–1903(h) and (i), 18–1909(h), and 18–19C–10

18 Annotated Code of Maryland

19 (2014 Replacement Volume and 2017 Supplement)

20 BY repealing and reenacting, with amendments,

21 Article – Education

22 Section 18–1903(h) and (i), 18–1905.1(a), 18–1909(h), 18–19A–01(c), 18–19A–02(e),
 23 18–19B–01(c), 18–19B–02(d), 18–19C–03(c), and 18–19C–09(b)

24 Annotated Code of Maryland

25 (2014 Replacement Volume and 2017 Supplement)

26 BY repealing

27 Article – Education

28 Section 18–19C–10

29 Annotated Code of Maryland

30 (2014 Replacement Volume and 2017 Supplement)

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

33 **Article – Education**

34 18–1903.

35 (a) There is a Maryland Prepaid College Trust.

1 (H) MONEY OF THE TRUST MAY NOT BE CONSIDERED MONEY OF OR BE
2 COMMINGLED WITH THE MARYLAND BROKER-DEALER COLLEGE INVESTMENT
3 PLAN.

4 (I) MONEY OF THE TRUST MAY NOT BE CONSIDERED MONEY OF OR BE
5 COMMINGLED WITH THE MARYLAND ABLE PROGRAM.

6 [(h)] (J) (1) The debts, contracts, and obligations of the Trust are not the
7 contracts, debts, or obligations of the State and neither the faith and credit nor taxing
8 power of the State is pledged directly or indirectly or contingently, morally or otherwise, to
9 the payment of the debts, contracts, and obligations.

10 (2) The Board cannot directly or indirectly or contingently obligate, morally
11 or otherwise, the State to levy or pledge any form of taxation whatsoever for the debts and
12 obligations of the Trust or to make any appropriation for the payment of the debts and
13 obligations of the Trust.

14 [(i)] (K) Neither the State nor any eligible institution of higher education shall
15 be liable for any losses or shortage of funds in the event that the Maryland Prepaid College
16 Trust is insufficient to meet the tuition requirements of an institution attended by the
17 qualified beneficiary.

18 18-1905.1.

19 (a) (1) The Board shall develop and implement a marketing plan to increase
20 participation in [the College Savings Plans of] Maryland 529.

21 (2) (i) The marketing plan shall identify methods to increase general
22 participation in [the College Savings Plans of] Maryland 529.

23 (ii) The Board shall coordinate with the Board of Trustees of the
24 Maryland Teachers and State Employees Supplemental Retirement Plans and local school
25 systems, respectively, to identify methods to increase participation in [the College Savings
26 Plans of] Maryland 529 among:

27 1. State employees that participate in other State tax
28 savings programs; and

29 2. Families of students in local school systems with lower
30 rates of participation in [the College Savings Plans of] Maryland 529 than the State
31 population.

32 18-1909.

1 **(H) THE BOARD SHALL ALLOW THE TRANSFER OF FUNDS FROM THE TRUST**
2 **TO ANY QUALIFIED ABLE PROGRAM ESTABLISHED IN ACCORDANCE WITH § 529A**
3 **OF THE INTERNAL REVENUE CODE.**

4 **[(h) (I) The Board shall set procedures to ensure that contributions to the Trust**
5 **plus contributions or payments to other qualified State tuition programs do not exceed a**
6 **total maximum amount determined by § 529 of the Internal Revenue Code for contributions**
7 **to multiple qualified State tuition programs.**

8 18-19A-01.

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

10 (c) “Board” means the [College Savings Plans of] Maryland 529 Board
11 established under § 18-1904 of this title.

12 18-19A-02.

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

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

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

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

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

20 (4) The State contribution program; [and]

21 (5) Transfer of funds from the Plan to other qualified State tuition
22 programs and from other qualified State tuition programs to the Plan in accordance with
23 federal law; AND

24 **(6) TRANSFER OF FUNDS FROM THE PLAN TO A QUALIFIED ABLE**
25 **PROGRAM ESTABLISHED IN ACCORDANCE WITH § 529A OF THE INTERNAL REVENUE**
26 **CODE.**

27 18-19B-01.

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

29 (c) “Board” means the [College Savings Plans of] Maryland 529 Board
30 established under § 18-1904 of this title.

1 18-19B-02.

2 (a) The Board may establish a Maryland Broker-Dealer College Investment Plan.

3 (d) (1) The Board shall adopt procedures relating to:

4 (i) Enrollment procedures for participation in the Broker-Dealer
5 Plan;

6 (ii) Start-up costs incurred by the State for the development of the
7 Broker-Dealer Plan with these costs to be reimbursed to the State by the Broker-Dealer
8 Plan;

9 (iii) Early withdrawals so that there will be no major detriment to
10 the remaining account holders in the Broker-Dealer Plan; [and]

11 (iv) Transfer of funds from the Broker-Dealer Plan to other qualified
12 State tuition programs and from other qualified State tuition programs to the
13 Broker-Dealer Plan in accordance with federal law; and

14 (v) **TRANSFER OF FUNDS FROM THE BROKER-DEALER PLAN**
15 **TO A QUALIFIED ABLE PROGRAM ESTABLISHED IN ACCORDANCE WITH § 529A OF**
16 **THE INTERNAL REVENUE CODE.**

17 (2) The Board shall adopt any other procedures that the Board considers
18 necessary to carry out the provisions of this subtitle.

19 18-19C-01.

20 (b) "ABLE account" means an account described under § 529A(e) of the Internal
21 Revenue Code.

22 18-19C-02.

23 (b) The purpose of the Maryland ABLE Program is to:

24 (1) Encourage and assist individuals and families in saving private funds
25 to support individuals with disabilities to maintain health, independence, and quality of
26 life; and

27 (2) Provide secure funding for disability-related expenses on behalf of
28 designated beneficiaries with disabilities that will supplement, not supplant, benefits
29 provided through private insurance, the Medicaid program under Title XIX of the Social
30 Security Act, the Supplemental Security Income program under Title XVI of the Social
31 Security Act, the beneficiary's employment, and any other source.

1 18-19C-03.

2 (c) (1) The Maryland ABLE Program is subject to the provisions of § 529A of
3 the Internal Revenue Code.

4 (2) The Maryland ABLE Program shall include provisions for automatic
5 contributions.

6 (3) Money and assets in the accounts established under the Maryland
7 ABLE Program or an ABLE program in any other state may not be considered for the
8 purpose of determining eligibility to receive, or the amount of, any assistance or benefits
9 from local or State means-tested programs.

10 (4) Money and assets contributed in each calendar year to the account of
11 each ABLE account holder may not exceed the amount specified in § [2503(b)] 529A(B)(2)
12 of the Internal Revenue Code for each calendar year in which the taxable year begins.

13 (5) Contributions to the account of each ABLE account holder may not
14 exceed the maximum amount determined by the Board to be in accordance with §
15 529A(b)(6) of the Internal Revenue Code.

16 18-19C-09.

17 (b) If the contribution of an ABLE account contributor under the Maryland ABLE
18 Program would result in aggregate contributions from all contributors to the ABLE account
19 for the taxable year exceeding the amount specified in § [2503(b)] 529A(B)(2) of the
20 Internal Revenue Code for each calendar year in which the taxable year begins, the Board
21 shall issue a refund to the ABLE account contributor.

22 [18-19C-10.

23 In accordance with § 529A(f) of the Internal Revenue Code, on the death of a
24 designated beneficiary, any state may file a claim for the amount of the total medical
25 assistance paid for the designated beneficiary under the state's Medicaid plan after the
26 establishment of an ABLE account.]

27 18-19C-10.

28 (A) **UNLESS PROHIBITED BY FEDERAL LAW, ON THE DEATH OF A**
29 **DESIGNATED BENEFICIARY, MONEY AND ASSETS IN AN ABLE ACCOUNT MAY BE**
30 **TRANSFERRED TO:**

31 (1) **THE ESTATE OF THE DESIGNATED BENEFICIARY; OR**

1 **(2) AN ABLE ACCOUNT FOR ANOTHER ELIGIBLE INDIVIDUAL**
2 **SPECIFIED BY THE DESIGNATED BENEFICIARY OR THE ESTATE OF THE DESIGNATED**
3 **BENEFICIARY.**

4 **(B) UNLESS REQUIRED BY FEDERAL LAW, AN AGENCY OR**
5 **INSTRUMENTALITY OF THE STATE MAY NOT SEEK PAYMENT UNDER § 529A(F) OF**
6 **THE INTERNAL REVENUE CODE FROM AN ABLE ACCOUNT OR ITS PROCEEDS FOR**
7 **ANY AMOUNT OF MEDICAL ASSISTANCE PAID FOR THE DESIGNATED BENEFICIARY.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 ~~October~~ June 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.