

Chapter 419

(Senate Bill 933)

AN ACT concerning

~~Maryland College Investment Plan – State Match Requirement~~
College Affordability – Maryland 529 Plans and Student Loan Debt Relief Tax
Credit – Revisions

FOR the purpose of requiring the Maryland 529 Board to develop an application form for a certain State contribution program that includes certain information; ~~altering the date by which~~ time period during which a certain contribution must be made to receive a certain State matching contribution; altering a certain State contribution amount; altering a certain appropriation for certain fiscal years; altering the date by which the Board is required to develop and implement a certain outreach and marketing plan; requiring the outreach and marketing plan to include certain elements; requiring the Board to submit a certain report to the General Assembly by a certain date; making conforming changes; altering the total amount of a certain credit; altering the name of the Maryland College Investment Plan and Prepaid College Trust; requiring certain plans to be referred to by a certain name; ~~providing for the application of this Act~~; requiring a certain State contribution to be made by a certain date for certain account holders; requiring the publisher of the Annotated Code of Maryland, in consultation with and subject to the approval of the Department of Legislative Services, to correct cross-references and terminology in the Code rendered incorrect by this Act and to describe any corrections made in an editor's note following the sections affected; and generally relating to ~~the Maryland College Investment Plan~~ college affordability.

BY repealing and reenacting, without amendments,

Article – Education

Section 18–1901(a), 18–1904(a), and 18–19A–01(a)

Annotated Code of Maryland

(2018 Replacement Volume)

BY adding to

Article – Education

Section 18–1909(i) and 18–19A–03(f)

Annotated Code of Maryland

(2018 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – Education

Section ~~18–19A–04.1~~ 18–1901(j) and (p), 18–1902.1, 18–1903(a), (g), and (i), 18–1904(b), 18–19A–01(f), 18–19A–02(a), 18–19A–04.1, 18–19A–05(d), 18–19A–06, 18–19B–05(d) and (e), and 18–19C–05(d) and (e)

Annotated Code of Maryland

(2014 Replacement Volume and 2017 Supplement)

BY repealing and reenacting, without amendments,

Article – Tax – General

Section 10–740(b) and (h)

Annotated Code of Maryland

(2016 Replacement Volume and 2017 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–740(c)(3)

Annotated Code of Maryland

(2016 Replacement Volume and 2017 Supplement)

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

Article – Education

18–1901.

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

(j) *“Plan” means the Maryland SENATOR EDWARD J. KASEMEYER College Investment Plan established under Subtitle 19A of this title.*

(p) *“Trust” means the Maryland SENATOR EDWARD J. KASEMEYER Prepaid College Trust established under this subtitle.*

18–1902.1.

(a) *There is a Program entitled Maryland 529.*

(b) *The purpose of the Program is to provide for the administration by the Board of the Maryland SENATOR EDWARD J. KASEMEYER Prepaid College Trust, the Maryland SENATOR EDWARD J. KASEMEYER College Investment Plan, the Maryland Broker–Dealer College Investment Plan, and the Maryland ABLE Program.*

18–1903.

(a) *There is a Maryland SENATOR EDWARD J. KASEMEYER Prepaid College Trust.*

(g) Money of the Trust may not be considered money of the Maryland **SENATOR EDWARD J. KASEMEYER** College Investment Plan and may not be commingled with the Plan.

(i) Neither the State nor any eligible institution of higher education shall be liable for any losses or shortage of funds in the event that the Maryland **SENATOR EDWARD J. KASEMEYER** Prepaid College Trust is insufficient to meet the tuition requirements of an institution attended by the qualified beneficiary.

18-1904.

(a) There is a Maryland 529 Board.

(b) The Board shall administer:

(1) The Maryland **SENATOR EDWARD J. KASEMEYER** Prepaid College Trust established under this subtitle;

(2) The Maryland **SENATOR EDWARD J. KASEMEYER** College Investment Plan established under Subtitle 19A of this title;

(3) The Maryland Broker-Dealer College Investment Plan established under Subtitle 19B of this title; and

(4) The Maryland ABLE Program established under Subtitle 19C of this title.

18-1909.

(I) **THE MARYLAND PREPAID CONTRACT PLAN SHALL BE REFERRED TO AS THE SENATOR EDWARD J. KASEMEYER PREPAID CONTRACT PLAN.**

18-19A-01.

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

(f) “Plan” means the Maryland **SENATOR EDWARD J. KASEMEYER** College Investment Plan established under this subtitle.

18-19A-02.

(a) There is a Maryland **SENATOR EDWARD J. KASEMEYER** College Investment Plan.

18-19A-03.

(F) THE MARYLAND COLLEGE INVESTMENT PLAN SHALL BE REFERRED TO AS THE SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN.

18-19A-04.1.

(a) For investment accounts established after December 31, 2016, a State contribution may be made to an investment account as provided in this section if:

(1) The qualified beneficiary of the investment account is a Maryland resident;

(2) The account holder submits an application to the Board or its designee between January 1 and June 1 of each year; and

(3) The account holder has Maryland taxable income **IN THE PREVIOUS TAXABLE YEAR** no greater than \$112,500 for an individual or \$175,000 for a married couple filing a joint return [in the previous taxable year].

(b) (1) An application may be made in person, online, or by mail.

(2) The Board shall **DEVELOP**:

(i) [Establish a list of documentation that must be submitted with the application, including documents that establish Maryland taxable income and Maryland residency] **AN APPLICATION FORM THAT:**

1. INCLUDES PERMISSION FOR CONFIRMING MARYLAND TAXABLE INCOME WITH THE COMPTROLLER; AND

2. ALLOWS FOR CERTIFICATION OF MARYLAND RESIDENCY;

(ii) A procedure to certify the date and time of receipt of an application; and

(iii) Any other necessary procedures for the submittal of applications.

(c) (1) For an account holder with Maryland taxable income of less than \$50,000 for an individual or \$75,000 for a married couple filing a joint return who [makes an annual contribution of] **CONTRIBUTES** at least \$25 per beneficiary **DURING THE CONTRIBUTION PERIOD IN SUBSECTION (E) OF THIS SECTION**, the State shall provide an additional ~~\$250~~ **\$500** per beneficiary.

(2) For an account holder with Maryland taxable income of at least \$50,000 but less than \$87,500 for an individual or at least \$75,000 but less than \$125,000 for a

married couple filing a joint return who [makes an annual contribution of] **CONTRIBUTES** at least \$100 per beneficiary **DURING THE CONTRIBUTION PERIOD IN SUBSECTION (E) OF THIS SECTION**, the State shall provide an additional ~~\$250~~ **\$500** per beneficiary.

(3) For an account holder with Maryland taxable income of at least \$87,500 but no greater than \$112,500 for an individual or at least \$125,000 but no greater than \$175,000 for a married couple filing a joint return who [makes an annual contribution of] **CONTRIBUTES** at least \$250 per beneficiary **DURING THE CONTRIBUTION PERIOD IN SUBSECTION (E) OF THIS SECTION**, the State shall provide an additional \$250 per beneficiary.

(d) (1) The Governor shall appropriate in the budget bill at least the following amounts for State contributions:

- (i) \$5,000,000 in fiscal year 2018; **AND**
- (ii) ~~\$7,000,000~~ **\$3,000,000** in fiscal year 2019, ~~and~~
- ~~(iii) \$10,000,000 in fiscal year 2020~~ and each fiscal year thereafter.

(2) If the funding provided in a fiscal year is not sufficient to fully fund all State contributions authorized under this section, the Board shall:

- (i) Provide contributions in the order in which applications are received; and
- (ii) Give priority to applications of account holders who did not receive a contribution in any prior year.

(e) (1) An account holder [who has been approved to receive a State contribution] shall [make a contribution between July 1 and] **CONTRIBUTE AT LEAST THE AMOUNT SPECIFIED UNDER SUBSECTION (C) OF THIS SECTION ON OR BEFORE** November 1 of each year in order to qualify for the State contribution.

(2) A State contribution shall be made by December 31 of the calendar year in which the account holder made the contribution.

(f) An account holder is not eligible for the subtraction modification under § 10-208 of the Tax – General Article for any taxable year in which the account holder receives a State contribution.

(g) **(1)** The Board shall develop and implement by September 1, [2016] **2018**, an outreach and marketing plan to provide notification to individuals about the availability of a State contribution.

(2) THE OUTREACH AND MARKETING PLAN SHALL:

(I) MAKE USE OF A VARIETY OF MARKETING MEDIA, INCLUDING BILLBOARDS, BROCHURES, AND ELECTRONIC RESOURCES; AND

(II) PROVIDE A CENTRALIZED CONTACT POINT FOR INDIVIDUALS TO OBTAIN INFORMATION ABOUT OPENING AN ACCOUNT AND THE AVAILABILITY OF A STATE CONTRIBUTION.

(3) BY DECEMBER 1, 2018, THE BOARD SHALL SUBMIT A REPORT IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE TO THE GENERAL ASSEMBLY ON THE DETAILS OF THE OUTREACH AND MARKETING PLAN.

18-19A-05.

(d) Money of the Plan may not be considered money of or commingled with the Maryland **SENATOR EDWARD J. KASEMEYER** Prepaid College Trust.

18-19A-06.

The assets and income of the Maryland **SENATOR EDWARD J. KASEMEYER** College Investment Plan are exempt from State and local taxation.

18-19B-05.

(d) Money of the Broker-Dealer Plan may not be considered money of or commingled with the Maryland **SENATOR EDWARD J. KASEMEYER** Prepaid College Trust.

(e) Money of the Broker-Dealer Plan may not be considered money of or commingled with the Maryland **SENATOR EDWARD J. KASEMEYER** College Investment Plan.

18-19C-05.

(d) Money of the Maryland ABLE Program may not be considered money of or commingled with the Maryland **SENATOR EDWARD J. KASEMEYER** Prepaid College Trust.

(e) Money of the Maryland ABLE Program may not be considered money of or commingled with the Maryland **SENATOR EDWARD J. KASEMEYER** College Investment Plan.

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

Article – Tax – General10-740.

(b) Subject to the limitations of this section, a qualified taxpayer may claim a credit against the State income tax for the taxable year in which the Commission certifies a tax credit under this section.

(c) (3) For any taxable year, the total amount of credits approved by the Commission under this section may not exceed [\$5,000,000] \$9,000,000.

(h) The tax credit under this section shall be referred to as the Student Loan Debt Relief Tax Credit.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That ~~Section 1 of this Act shall be construed to apply retroactively and shall be applied to and interpreted to affect investment accounts established after December 31, 2016~~ for an account holder who made a contribution to an account in calendar year 2017 but failed to make the contribution in accordance with § 18-19A-04.1(e)(1) of the Education Article as enacted by Chapters 689 and 690 of the Acts of the General Assembly of 2016 and was otherwise eligible for a State contribution, a State contribution equal to \$250 shall be made by June 30, 2018.

SECTION 4. AND BE IT FURTHER ENACTED, That, notwithstanding § 18-19A-04.1(f) of the Education Article, an account holder who receives a State match under Section 3 of this Act is also eligible for the subtraction modification under § 10-208 of the Tax – General Article for taxable year 2017.

SECTION 5. AND BE IT FURTHER ENACTED, That the publisher of the Annotated Code of Maryland, in consultation with and subject to the approval of the Department of Legislative Services, shall correct, with no further action required by the General Assembly, cross-references and terminology rendered incorrect by this Act. The publisher shall adequately describe any such correction in an editor's note following the section affected.

SECTION ~~3~~ ~~5~~ 6. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2018, and Section 2 of this Act shall be applicable to all taxable years beginning after December 31, 2017.

Approved by the Governor, May 8, 2018.