

# HOUSE BILL 902

F2, Q3

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By: **Delegates Rose, Beitzel, Buckel, Chisholm, Corderman, Ghrist, Hartman, Hornberger, Kittleman, Krebs, Long, Malone, Mautz, McComas, Miller, Parrott, Reilly, Saab, and Shoemaker**

Introduced and read first time: February 8, 2019

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – College Savings Plan Contributions**

3 FOR the purpose of increasing the maximum amount allowed as a subtraction modification  
4 under the Maryland income tax for certain payments or contributions made by an  
5 account holder or a contributor under certain college savings plans; providing for the  
6 application of this Act; and generally relating to a subtraction modification under  
7 the Maryland income tax for payments and contributions made to certain college  
8 savings plan accounts.

9 BY repealing and reenacting, without amendments,  
10 Article – Tax – General  
11 Section 10–208(a)  
12 Annotated Code of Maryland  
13 (2016 Replacement Volume and 2018 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – Tax – General  
16 Section 10–208(n) and (o)  
17 Annotated Code of Maryland  
18 (2016 Replacement Volume and 2018 Supplement)

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

21 **Article – Tax – General**

22 10–208.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

4 (n) (1) (i) In this subsection the following words have the meanings  
5 indicated.

6 (ii) “Account holder” has the meaning stated in § 18–1901 of the  
7 Education Article.

8 (iii) “Contributor” means an individual who contributes funds to a  
9 Maryland Senator Edward J. Kasemeyer Prepaid College Trust account under Title 18,  
10 Subtitle 19 of the Education Article.

11 (iv) “Qualified higher education expenses” has the meaning stated in  
12 § 529 of the Internal Revenue Code.

13 (2) The subtraction under subsection (a) of this section includes the amount  
14 of advance payments of qualified higher education expenses made by an account holder or  
15 a contributor during the taxable year as provided under a prepaid contract in accordance  
16 with the Maryland Senator Edward J. Kasemeyer Prepaid College Trust.

17 (3) Subject to paragraph (4) of this subsection, for each prepaid contract,  
18 the subtraction under paragraph (2) of this subsection may not exceed ~~[\$2,500]~~ **\$5,000** for  
19 any taxable year.

20 (4) The amount disallowed as a subtraction under this subsection for any  
21 taxable year as a result of the limitation under paragraph (3) of this subsection shall be  
22 treated as having been made in the next succeeding taxable year and, subject to the  
23 ~~[\$2,500]~~ **\$5,000** annual limitation for each prepaid contract, may be carried over to  
24 succeeding taxable years until the full amount of the advance payments has been allowed  
25 as a subtraction.

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

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

30 (iii) “Contributor” means an individual who contributes funds to a  
31 Maryland Senator Edward J. Kasemeyer College Investment Plan or Broker–Dealer  
32 College Investment Plan account under Title 18, Subtitle 19A or Subtitle 19B of the  
33 Education Article.

34 (iv) “Investment account” means an investment account as defined  
35 in § 18–19A–01 or § 18–19B–01 of the Education Article.

1 (v) “Qualified designated beneficiary” means a qualified designated  
2 beneficiary as defined in § 18–19A–01 or § 18–19B–01 of the Education Article.

3 (2) (i) Except as provided in subparagraph (ii) of this paragraph and  
4 subject to the limitation under paragraph (3) of this subsection, the subtraction under  
5 subsection (a) of this section includes the amount contributed by an account holder or a  
6 contributor during the taxable year to an investment account.

7 (ii) The subtraction under subparagraph (i) of this paragraph may  
8 not be taken if the account holder received a State contribution under § 18–19A–04.1 of the  
9 Education Article during the taxable year.

10 (3) (i) Subject to paragraph (4) of this subsection, for each account  
11 holder or contributor for all investment accounts maintained in the Maryland Senator  
12 Edward J. Kasemeyer College Investment Plan and the Maryland Broker–Dealer College  
13 Investment Plan for the same qualified designated beneficiary, the subtraction under  
14 paragraph (2) of this subsection may not exceed ~~[\$2,500]~~ **\$5,000** for any taxable year per  
15 qualified designated beneficiary.

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

18 (4) Subject to the ~~[\$2,500]~~ **\$5,000** annual limitation for each account  
19 holder or contributor for each qualified designated beneficiary, the amount disallowed as a  
20 subtraction under this subsection for any taxable year as a result of the limitation under  
21 paragraph (3) of this subsection may be carried over until used to the next 10 succeeding  
22 taxable years as a subtraction.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
24 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018.