

HOUSE BILL 568

01, 04

11r1609
CF 11r0501

By: **Delegate Pena–Melnyk**

Introduced and read first time: January 20, 2021

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Human Services – Maryland Baby Bond Account Program – Establishment**

3 FOR the purpose of establishing the Maryland Baby Bond Account Program in the Office
4 of the State Treasurer; establishing the Baby Bond Account Fund as a special,
5 nonlapsing fund; specifying the purpose of the Fund; requiring the Baby Bond
6 Account Board to administer the Fund; requiring the State Treasurer to hold the
7 Fund and the Comptroller to account for the Fund; specifying the contents of the
8 Fund; specifying the purpose for which the Fund may be used; providing for the
9 investment of money in and expenditures from the Fund; requiring interest earnings
10 of the Fund to be credited to the Fund; exempting the Fund from a certain provision
11 of law requiring interest earnings on State money to accrue to the General Fund of
12 the State; providing that money from the Fund may not be considered money of the
13 State, deposited in the Treasury, or commingled with other State funds; prohibiting
14 the State from being held liable for any losses or shortage of funds resulting from
15 certain investments; establishing the Baby Bond Account Board; providing for the
16 purpose of the Board; providing for the membership, terms, and compensation of the
17 Board; requiring the Board to select a chair from among its members; requiring
18 members of the Board to file a certain financial disclosure statement; requiring the
19 Board to appoint an Executive Director; authorizing the Board to hire certain staff
20 and consult with certain individuals; authorizing the Board to adopt certain
21 regulations; requiring the Board to develop a certain marketing plan; requiring the
22 State Treasurer to establish and make certain deposits into certain accounts for
23 eligible individuals; requiring the State Treasurer, the Maryland Department of
24 Health, and the Department of Human Services to exchange information necessary
25 to carry out this Act; requiring the State Treasurer to establish a process to accept
26 certain contributions and transfers of money; authorizing an eligible individual to
27 withdraw money from the individual's account under certain circumstances;
28 requiring an eligible individual to take a course in financial literacy before
29 withdrawing money from the eligible individual's account; requiring any unclaimed
30 money in an eligible individual's account to remain in the Fund and be designated

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 for other eligible individuals; requiring the Governor to make a certain appropriation
2 to the Fund during a certain fiscal year; requiring the State Treasurer to adopt
3 certain regulations; allowing certain individuals a subtraction modification under
4 the Maryland income tax for certain contributions made to or money deducted from
5 an individual account established under the Program; defining certain terms;
6 providing for the initial terms of the public members of the Board; and generally
7 relating to the Maryland Baby Bond Account Program.

8 BY adding to

9 Article – Human Services

10 Section 8–1301 through 8–1310 to be under the new subtitle “Subtitle 13. Maryland
11 Baby Bond Account Program”

12 Annotated Code of Maryland

13 (2019 Replacement Volume and 2020 Supplement)

14 BY repealing and reenacting, without amendments,

15 Article – State Finance and Procurement

16 Section 6–226(a)(2)(i)

17 Annotated Code of Maryland

18 (2015 Replacement Volume and 2020 Supplement)

19 BY repealing and reenacting, with amendments,

20 Article – State Finance and Procurement

21 Section 6–226(a)(2)(ii)122. and 123.

22 Annotated Code of Maryland

23 (2015 Replacement Volume and 2020 Supplement)

24 BY adding to

25 Article – State Finance and Procurement

26 Section 6–226(a)(2)(ii)124.

27 Annotated Code of Maryland

28 (2015 Replacement Volume and 2020 Supplement)

29 BY repealing and reenacting, without amendments,

30 Article – Tax – General

31 Section 10–207(a)

32 Annotated Code of Maryland

33 (2016 Replacement Volume and 2020 Supplement)

34 BY adding to

35 Article – Tax – General

36 Section 10–207(jj)

37 Annotated Code of Maryland

38 (2016 Replacement Volume and 2020 Supplement)

39 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

40 That the Laws of Maryland read as follows:

1 Article – Human Services

2 SUBTITLE 13. MARYLAND BABY BOND ACCOUNT PROGRAM.

3 8–1301.

4 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
5 INDICATED.

6 (B) “ACCOUNT” MEANS AN ACCOUNT ESTABLISHED WITHIN THE BABY
7 BOND ACCOUNT FUND FOR AN ELIGIBLE INDIVIDUAL.

8 (C) “BOARD” MEANS THE BABY BOND ACCOUNT BOARD.

9 (D) “ELIGIBLE INDIVIDUAL” MEANS AN INDIVIDUAL:

10 (1) BORN ON OR AFTER JANUARY 1, 2023, TO A FAMILY DOMICILED:

11 (I) IN THE STATE; OR

12 (II) OUTSIDE THE STATE IF THE FAMILY ESTABLISHES
13 RESIDENCE IN THE STATE WITHIN 6 MONTHS AFTER THE BIRTH OF THE INDIVIDUAL;
14 AND

15 (2) WITH A FAMILY INCOME AT OR BELOW 200% OF THE FEDERAL
16 POVERTY LEVEL.

17 (E) “EXECUTIVE DIRECTOR” MEANS THE EXECUTIVE DIRECTOR OF THE
18 BABY BOND ACCOUNT BOARD.

19 (F) “FUND” MEANS THE BABY BOND ACCOUNT FUND.

20 (G) “INDIVIDUAL ACCOUNT” MEANS AN ACCOUNT ESTABLISHED WITHIN
21 THE BABY BOND ACCOUNT FUND FOR AN ELIGIBLE INDIVIDUAL.

22 (H) “PROGRAM” MEANS THE MARYLAND BABY BOND ACCOUNT PROGRAM.

23 (I) “QUALIFIED EXPENSE” MEANS:

24 (1) POSTSECONDARY EDUCATIONAL EXPENSES;

25 (2) ACQUISITION COSTS OF A PRIMARY RESIDENCE;

1 **(3) QUALIFIED BUSINESS CAPITALIZATION EXPENSES, AS THE**
2 **EXECUTIVE DIRECTOR AND THE BOARD DETERMINE; AND**

3 **(4) ANY OTHER INVESTMENT IN FINANCIAL ASSETS OR PERSONAL**
4 **CAPITAL THAT PROVIDES LONG-TERM GAINS TO WAGES AND WEALTH, AS THE**
5 **EXECUTIVE DIRECTOR AND THE BOARD DETERMINE.**

6 **8-1302.**

7 **THERE IS A MARYLAND BABY BOND ACCOUNT PROGRAM IN THE OFFICE OF**
8 **THE STATE TREASURER.**

9 **8-1303.**

10 **(A) THERE IS A BABY BOND ACCOUNT FUND.**

11 **(B) THE PURPOSE OF THE FUND IS TO PROVIDE MONEY TO ELIGIBLE**
12 **INDIVIDUALS TO ADDRESS WEALTH DISPARITIES IN THE STATE.**

13 **(C) THE BOARD SHALL ADMINISTER THE FUND.**

14 **(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
15 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

16 **(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,**
17 **AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

18 **(E) THE FUND CONSISTS OF:**

19 **(1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

20 **(2) INTEREST EARNINGS; AND**

21 **(3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
22 **THE BENEFIT OF THE FUND.**

23 **(F) THE FUND MAY BE USED FOR:**

24 **(1) THE PURPOSES SPECIFIED IN THIS SUBTITLE; AND**

25 **(2) ADMINISTRATIVE EXPENSES TO ADMINISTER THE PROGRAM.**

26 **(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND**

1 IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

2 (2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO
3 THE FUND.

4 (H) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE
5 WITH THE STATE BUDGET.

6 (I) MONEY FROM THE FUND MAY NOT BE:

7 (1) CONSIDERED MONEY OF THE STATE;

8 (2) DEPOSITED INTO THE TREASURY; OR

9 (3) COMMINGLED WITH OTHER STATE FUNDS.

10 (J) THE STATE MAY NOT BE LIABLE FOR ANY LOSSES OR SHORTAGE OF
11 FUNDS RESULTING FROM PARTICULAR INVESTMENTS SELECTED UNDER THIS
12 SUBTITLE.

13 8-1304.

14 (A) THERE IS A BABY BOND ACCOUNT BOARD.

15 (B) THE BOARD SHALL ADMINISTER THE PROGRAM ESTABLISHED UNDER
16 THIS SUBTITLE.

17 (C) THE BOARD CONSISTS OF THE FOLLOWING MEMBERS:

18 (1) TWO MEMBERS OF THE SENATE OF MARYLAND, APPOINTED BY
19 THE PRESIDENT OF THE SENATE;

20 (2) TWO MEMBERS OF THE HOUSE OF DELEGATES, APPOINTED BY
21 THE SPEAKER OF THE HOUSE;

22 (3) THE STATE TREASURER, OR THE STATE TREASURER'S DESIGNEE;

23 (4) THE COMPTROLLER, OR THE COMPTROLLER'S DESIGNEE;

24 (5) THE SECRETARY OF BUDGET AND MANAGEMENT, OR THE
25 SECRETARY'S DESIGNEE;

26 (6) THE SECRETARY OF HUMAN SERVICES, OR THE SECRETARY'S

1 DESIGNEE;

2 (7) THE SECRETARY OF HEALTH, OR THE SECRETARY'S DESIGNEE;

3 (8) THE SECRETARY OF COMMERCE, OR THE SECRETARY'S
4 DESIGNEE; AND

5 (9) SIX MEMBERS OF THE PUBLIC, WHO SHALL BE APPOINTED BY THE
6 GOVERNOR AND MUST HAVE SIGNIFICANT EXPERIENCE IN FINANCE, ACCOUNTING,
7 INVESTMENT MANAGEMENT, SAVINGS PLAN ADMINISTRATION OR INVESTMENT, OR
8 OTHER AREAS THAT CAN BE OF ASSISTANCE TO THE BOARD.

9 (D) BEFORE TAKING OFFICE, EACH APPOINTEE TO THE BOARD SHALL TAKE
10 THE OATH REQUIRED BY ARTICLE I, § 9 OF THE MARYLAND CONSTITUTION.

11 (E) (1) THE TERM OF A PUBLIC MEMBER OF THE BOARD IS 4 YEARS.

12 (2) THE TERMS OF THE PUBLIC MEMBERS OF THE BOARD ARE
13 STAGGERED AS REQUIRED BY THE TERMS OF THE MEMBERS OF THE BOARD ON JULY
14 1, 2021.

15 (3) AT THE END OF A TERM, A PUBLIC MEMBER CONTINUES TO SERVE
16 UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

17 (4) A PUBLIC MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN
18 SERVES ONLY FOR THE REMAINDER OF THE TERM AND UNTIL A SUCCESSOR IS
19 APPOINTED AND QUALIFIES.

20 (5) A PUBLIC MEMBER IS ELIGIBLE FOR REAPPOINTMENT.

21 (F) THE GOVERNOR MAY REMOVE A PUBLIC MEMBER FOR INCOMPETENCE
22 OR MISCONDUCT.

23 8-1305.

24 (A) THE BOARD SHALL SELECT A CHAIR FROM AMONG THE MEMBERS OF
25 THE BOARD.

26 (B) A MEMBER OF THE BOARD:

27 (1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE BOARD;
28 BUT

1 **(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE**
2 **STANDARD STATE TRAVEL REGULATIONS.**

3 **(C) A MEMBER OF THE BOARD SHALL FILE A PUBLIC DISCLOSURE OF**
4 **FINANCIAL INTERESTS AS REQUIRED UNDER THE MARYLAND PUBLIC ETHICS LAW.**

5 **(D) (1) THE BOARD:**

6 **(I) SHALL APPOINT AN EXECUTIVE DIRECTOR; AND**

7 **(II) MAY EMPLOY ADDITIONAL STAFF IN ACCORDANCE WITH**
8 **THE STATE BUDGET.**

9 **(2) THE BOARD MAY RETAIN THE SERVICES OF CONSULTANTS,**
10 **ADMINISTRATORS, AND OTHER PERSONNEL TO ADMINISTER THE FUND.**

11 **(E) THE BOARD MAY:**

12 **(1) ADOPT AN OFFICIAL SEAL;**

13 **(2) SUE AND BE SUED;**

14 **(3) EXECUTE CONTRACTS AND OTHER NECESSARY INSTRUMENTS;**

15 **AND**

16 **(4) TAKE ANY OTHER ACTION THAT THE BOARD CONSIDERS**
17 **APPROPRIATE TO IMPLEMENT AND ADMINISTER THE PROGRAM AND THE FUND.**

18 **(F) THE BOARD MAY ADOPT ANY REGULATIONS THAT THE BOARD**
19 **CONSIDERS NECESSARY TO CARRY OUT THIS SUBTITLE.**

20 **8-1306.**

21 **(A) THE BOARD SHALL DEVELOP AND IMPLEMENT A MARKETING PLAN TO**
22 **INCREASE KNOWLEDGE ABOUT AND PARTICIPATION IN THE PROGRAM.**

23 **(B) THE MARKETING PLAN SHALL IDENTIFY METHODS TO:**

24 **(1) INCREASE GENERAL KNOWLEDGE ABOUT AND PARTICIPATION IN**
25 **THE PROGRAM; AND**

26 **(2) PROVIDE THE FAMILY OF EACH ELIGIBLE INDIVIDUAL WITH**
27 **INFORMATION ON ELIGIBILITY REQUIREMENTS, GUIDELINES, AND PROCEDURES**

1 RELATED TO THE PROGRAM.

2 8-1307.

3 (A) FOR EACH ELIGIBLE INDIVIDUAL, THE STATE TREASURER SHALL:

4 (1) ESTABLISH AN INDIVIDUAL ACCOUNT; AND

5 (2) MAKE A ONE-TIME DEPOSIT OF \$2,000 FROM THE FUND INTO THE
6 INDIVIDUAL ACCOUNT.

7 (B) THE STATE TREASURER, THE MARYLAND DEPARTMENT OF HEALTH,
8 THE DEPARTMENT OF HUMAN SERVICES, AND THE BOARD SHALL EXCHANGE THE
9 INFORMATION NECESSARY TO CARRY OUT THIS SECTION.

10 (C) THE STATE TREASURER SHALL ALLOCATE TO EACH INDIVIDUAL
11 ACCOUNT AN AMOUNT EQUAL TO THE NET EARNINGS AND NET LOSSES FROM EACH
12 INVESTMENT OF SUMS IN THE FUND WHICH ARE ATTRIBUTABLE TO THE SUMS
13 CREDITED TO THE ACCOUNT, REDUCED BY AN APPROPRIATE SHARE OF THE
14 ADMINISTRATIVE EXPENSES PAID OUT OF THE NET EARNINGS, AS THE EXECUTIVE
15 DIRECTOR DETERMINES.

16 (D) THE STATE TREASURER SHALL ESTABLISH A PROCESS TO ACCEPT:

17 (1) OUTSIDE CONTRIBUTIONS TO AN ELIGIBLE INDIVIDUAL'S
18 ACCOUNT; AND

19 (2) TRANSFERS OF MONEY BETWEEN INDIVIDUAL ACCOUNTS.

20 (E) THE BOARD SHALL ESTABLISH GUIDELINES ON HOW TO PROCESS NEW
21 INDIVIDUAL ACCOUNTS IF THE AMOUNT IN THE FUND IS INSUFFICIENT TO MAKE A
22 \$2,000 DEPOSIT INTO A NEW ELIGIBLE INDIVIDUAL'S ACCOUNT.

23 8-1308.

24 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, AN
25 ELIGIBLE INDIVIDUAL MAY WITHDRAW MONEY FROM THE ELIGIBLE INDIVIDUAL'S
26 ACCOUNT FOR A QUALIFIED EXPENSE IF THE ELIGIBLE INDIVIDUAL:

27 (1) IS AT LEAST 18 YEARS OLD; AND

28 (2) IS DOMICILED IN THE STATE AT THE TIME OF THE WITHDRAWAL.

1 **(B) AN ELIGIBLE INDIVIDUAL MAY WITHDRAW MONEY FROM THE ELIGIBLE**
2 **INDIVIDUAL'S ACCOUNT BEFORE THE ELIGIBLE INDIVIDUAL IS 18 YEARS OLD TO PAY**
3 **FOR QUALIFIED TUITION AND RELATED EXPENSES, AS DEFINED IN § 25A(F)(1) OF**
4 **THE INTERNAL REVENUE CODE, IF THE ELIGIBLE INDIVIDUAL IS AN ELIGIBLE**
5 **STUDENT AS DEFINED IN § 25A(B)(3) OF THE INTERNAL REVENUE CODE.**

6 **(C) (1) AN ELIGIBLE INDIVIDUAL MAY WITHDRAW MONEY FROM THE**
7 **ELIGIBLE INDIVIDUAL'S ACCOUNT ONLY IF THE ELIGIBLE INDIVIDUAL HAS TAKEN A**
8 **COURSE IN FINANCIAL LITERACY.**

9 **(2) THE BOARD SHALL DETERMINE THE FINANCIAL LITERACY**
10 **TRAINING CURRICULUM TO BE USED FOR A COURSE TAKEN TO FULFILL THE**
11 **REQUIREMENTS OF THIS SUBSECTION.**

12 **(D) ANY UNCLAIMED MONEY IN THE ACCOUNT OF AN ELIGIBLE INDIVIDUAL**
13 **SHALL:**

14 **(1) REMAIN IN THE FUND; AND**

15 **(2) BE DESIGNATED FOR OTHER ELIGIBLE INDIVIDUALS.**

16 **8-1309.**

17 **FOR FISCAL YEAR 2023, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL**
18 **BUDGET BILL AN APPROPRIATION OF \$70,000,000 IN GENERAL FUNDS FOR THE**
19 **FUND.**

20 **8-1310.**

21 **THE STATE TREASURER SHALL ADOPT REGULATIONS TO CARRY OUT THIS**
22 **SUBTITLE.**

23 **Article – State Finance and Procurement**

24 **6-226.**

25 **(a) (2) (i) Notwithstanding any other provision of law, and unless**
26 **inconsistent with a federal law, grant agreement, or other federal requirement or with the**
27 **terms of a gift or settlement agreement, net interest on all State money allocated by the**
28 **State Treasurer under this section to special funds or accounts, and otherwise entitled to**
29 **receive interest earnings, as accounted for by the Comptroller, shall accrue to the General**
30 **Fund of the State.**

31 **(ii) The provisions of subparagraph (i) of this paragraph do not apply**

1 to the following funds:

2 122. the Racing and Community Development Financing Fund;
3 [and]

4 123. the Racing and Community Development Facilities Fund;
5 AND

6 **124. THE BABY BOND ACCOUNT FUND.**

7 **Article – Tax – General**

8 10–207.

9 (a) To the extent included in federal adjusted gross income, the amounts under
10 this section are subtracted from the federal adjusted gross income of a resident to determine
11 Maryland adjusted gross income.

12 **(JJ) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**
13 **INCLUDES:**

14 **(1) A CONTRIBUTION TO THE BABY BOND ACCOUNT FUND**
15 **ESTABLISHED IN § 8–1303 OF THE HUMAN SERVICES ARTICLE CREDITED TO THE**
16 **INDIVIDUAL ACCOUNT OF A TAXPAYER; AND**

17 **(2) ANY DISTRIBUTION FROM THE INDIVIDUAL ACCOUNT, INCLUDING**
18 **INTEREST AND EARNINGS.**

19 SECTION 2. AND BE IT FURTHER ENACTED, That the initial terms of the public
20 members appointed to the Baby Bond Account Board under § 8–1304(c)(9) of the Human
21 Services Article, as enacted by Section 1 of this Act, expire as follows:

22 (1) two members on June 30, 2023;

23 (2) two members on June 30, 2024; and

24 (3) two members on June 30, 2025.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
26 1, 2021.