
By: **The Speaker (Administration) and Delegates Rawlings, Shriver, Heller, Mossburg, Workman, Dembrow, Kopp, Marriott, Cadden, McIntosh, Rudolph, Slade, Miller, Proctor, W. Baker, Branch, Bonsack, Boston, Bozman, E. Burns, Crumlin, C. Davis, Doory, Edwards, Finifter, Franchot, Grosfeld, Harrison, Hecht, Howard, B. Hughes, Jones, Kach, Kagan, Krysiak, Love, McKee, Menes, C. Mitchell, Moe, Montague, T. Murphy, Nathan-Pulliam, Oaks, Petzold, Pitkin, Turner, and Walkup**

Introduced and read first time: January 28, 1998
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction Modification for Maryland Higher Education**
3 **Investment Program Earnings**

4 FOR the purpose of providing a subtraction modification under the Maryland
5 individual income tax for certain amounts included in federal adjusted gross
6 income as a result of a benefit furnished to a qualified beneficiary pursuant to a
7 higher education investment contract under the Maryland Higher Education
8 Investment Program; providing that the subtraction does not apply to certain
9 refunds issued under the Program; providing for the application of this Act; and
10 generally relating to a subtraction modification for amounts included in federal
11 adjusted gross income as a result of benefits furnished under Maryland Higher
12 Education Investment Program.

13 BY repealing and reenacting, without amendments,
14 Article - Tax - General
15 Section 10-207(a)
16 Annotated Code of Maryland
17 (1997 Replacement Volume)

18 BY adding to
19 Article - Tax - General
20 Section 10-207(s)
21 Annotated Code of Maryland
22 (1997 Replacement Volume)

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

1

Article - Tax - General

2 10-207.

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

6 (S) (1) IN THIS SUBSECTION "TUITION" MEANS THE CHARGES IMPOSED BY
7 AN INSTITUTION OF HIGHER EDUCATION FOR ENROLLMENT AT THE INSTITUTION
8 AND INCLUDES REGISTRATION AND ALL FEES REQUIRED AS A CONDITION OF
9 ENROLLMENT.

10 (2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION
11 INCLUDES ANY AMOUNT INCLUDED IN FEDERAL ADJUSTED GROSS INCOME AS A
12 RESULT OF A BENEFIT FURNISHED TO A QUALIFIED BENEFICIARY PURSUANT TO A
13 HIGHER EDUCATION INVESTMENT CONTRACT UNDER THE MARYLAND HIGHER
14 EDUCATION INVESTMENT PROGRAM.

15 (3) THE SUBTRACTION UNDER PARAGRAPH (2) OF THIS SUBSECTION
16 DOES NOT APPLY TO A REFUND UNDER THE MARYLAND HIGHER EDUCATION
17 INVESTMENT PROGRAM UNLESS THE REFUND IS APPLIED ON BEHALF OF THE
18 QUALIFIED BENEFICIARY TO THE COST OF TUITION AT AN INSTITUTION OF HIGHER
19 EDUCATION.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
21 effect July 1, 1998 and shall be applicable to all taxable years beginning after
22 December 31, 1997.