
By: **Senator Miller**

Introduced and read first time: February 2, 1998

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of providing a subtraction modification under the Maryland income
5 tax for certain advance payments of undergraduate tuition made by an
6 individual as provided under a higher education investment contract in
7 accordance with the Maryland Higher Education Investment Program;
8 providing an addition modification for certain refunds made under a higher
9 education investment contract, subject to a certain limitation; providing for the
10 application of this Act; and generally relating to a subtraction modification for
11 payments made under the Maryland Higher Education Investment Program.

12 BY repealing and reenacting, without amendments,
13 Article - Tax - General
14 Section 10-205(a) and 10-208(a)
15 Annotated Code of Maryland
16 (1997 Replacement Volume)

17 BY adding to
18 Article - Tax - General
19 Section 10-205(h) and 10-208(m)
20 Annotated Code of Maryland
21 (1997 Replacement Volume)

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

24 **Article - Tax - General**

25 10-205.

26 (a) In addition to the modification under § 10-204 of this subtitle, the
27 amounts under this section are added to the federal adjusted gross income of a
28 resident to determine Maryland adjusted gross income.

1 (H) (1) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES
2 THE AMOUNT OF ANY REFUND RECEIVED BY AN INDIVIDUAL IN THE TAXABLE YEAR
3 UNDER A HIGHER EDUCATION INVESTMENT CONTRACT IN ACCORDANCE WITH THE
4 MARYLAND HIGHER EDUCATION INVESTMENT PROGRAM THAT IS NOT APPLIED ON
5 BEHALF OF THE QUALIFIED BENEFICIARY FOR CHARGES IMPOSED BY AN
6 INSTITUTION OF HIGHER EDUCATION FOR ENROLLMENT AT THE INSTITUTION,
7 INCLUDING TUITION AND REGISTRATION AND OTHER FEES REQUIRED AS A
8 CONDITION OF ENROLLMENT.

9 (2) THE AMOUNT OF THE ADDITION REQUIRED UNDER THIS
10 SUBSECTION SHALL BE REDUCED BY ANY AMOUNT INCLUDED IN THE INDIVIDUAL'S
11 FEDERAL ADJUSTED GROSS INCOME AS A RESULT OF THE REFUND.

12 (3) THE CUMULATIVE AMOUNT OF THE ADDITION UNDER THIS
13 SUBSECTION FOR THE TAXABLE YEAR AND ALL PRIOR TAXABLE YEARS MAY NOT
14 EXCEED THE CUMULATIVE AMOUNT ALLOWED AS A SUBTRACTION UNDER §
15 10-208(M) OF THIS SUBTITLE FOR THE TAXABLE YEAR AND ALL PRIOR TAXABLE
16 YEARS FOR THE INDIVIDUAL'S PAYMENTS TO THE HIGHER EDUCATION INVESTMENT
17 CONTRACT UNDER WHICH THE REFUND IS RECEIVED.

18 10-208.

19 (a) In addition to the modification under § 10-207 of this subtitle, the
20 amounts under this section are subtracted from the federal adjusted gross income of
21 a resident to determine Maryland adjusted gross income.

22 (M) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES
23 THE AMOUNT OF ADVANCE PAYMENTS OF UNDERGRADUATE TUITION MADE BY AN
24 INDIVIDUAL AS PROVIDED UNDER A HIGHER EDUCATION INVESTMENT CONTRACT IN
25 ACCORDANCE WITH THE MARYLAND HIGHER EDUCATION INVESTMENT PROGRAM.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 July 1, 1998 and shall be applicable to all taxable years beginning after December 31,
28 1997.