

SENATE BILL 268

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Q3

1998 Regular Session
8r1624

By: ~~Senator Miller~~ **Senators Miller, Kasemeyer, and Hogan**

Introduced and read first time: February 2, 1998

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 17, 1998

CHAPTER _____

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 BY adding to
23 Article - Tax - General

1 Section 10-208(m)
2 Annotated Code of Maryland
3 (1997 Replacement Volume)
4 (As enacted by Chapter 485 of the Acts of the General Assembly of 1997)

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

7 **Article - Tax - General**

8 10-205.

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

12 (H) (1) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES
13 THE AMOUNT OF ANY REFUND RECEIVED BY AN INDIVIDUAL IN THE TAXABLE YEAR
14 UNDER A HIGHER EDUCATION INVESTMENT CONTRACT IN ACCORDANCE WITH THE
15 MARYLAND HIGHER EDUCATION INVESTMENT PROGRAM THAT IS NOT APPLIED ON
16 BEHALF OF THE ~~QUALIFIED~~ BENEFICIARY FOR CHARGES IMPOSED BY AN
17 INSTITUTION OF HIGHER EDUCATION FOR ENROLLMENT AT THE INSTITUTION,
18 INCLUDING TUITION AND REGISTRATION AND OTHER FEES REQUIRED AS A
19 CONDITION OF ENROLLMENT.

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

23 (3) THE CUMULATIVE AMOUNT OF THE ADDITION UNDER THIS
24 SUBSECTION FOR THE TAXABLE YEAR AND ALL PRIOR TAXABLE YEARS MAY NOT
25 EXCEED THE CUMULATIVE AMOUNT ALLOWED AS A SUBTRACTION UNDER §
26 10-208(M) OF THIS SUBTITLE FOR THE TAXABLE YEAR AND ALL PRIOR TAXABLE
27 YEARS FOR THE INDIVIDUAL'S PAYMENTS TO THE HIGHER EDUCATION INVESTMENT
28 CONTRACT UNDER WHICH THE REFUND IS RECEIVED.

29 10-208.

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

33 (M) (1) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION
34 INCLUDES THE AMOUNT OF ADVANCE PAYMENTS OF UNDERGRADUATE TUITION
35 MADE BY AN INDIVIDUAL AS PROVIDED UNDER A HIGHER EDUCATION INVESTMENT
36 CONTRACT IN ACCORDANCE WITH THE MARYLAND HIGHER EDUCATION
37 INVESTMENT PROGRAM.

1 (2) THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS SUBSECTION
2 MAY NOT EXCEED \$2,500 FOR ANY TAXABLE YEAR.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 1998 and shall be applicable to all taxable years beginning after December 31,
5 1997.