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By: **Delegates Stocksdale, Amedori, Brinkley, Conroy, Cryor, C. Davis,  
DeCarlo, Elliott, Fulton, Getty, Glassman, Hill, Leopold, Minnick,  
Mohorovic, Ports, and O'Donnell**

Introduced and read first time: February 11, 1999

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Take Credit for Learning - Income Tax Credit and Subtraction Modification**  
3 **for Education Expenses**

4 FOR the purpose of allowing individuals a subtraction modification under the  
5 Maryland income tax for certain education-related expenses paid for  
6 dependents in kindergarten through grade 12, subject to certain limitations;  
7 allowing certain individuals with incomes not exceeding a certain amount to  
8 claim a State income tax credit for certain education-related expenses paid for  
9 dependents in kindergarten through grade 12, subject to certain limitations;  
10 making the credit refundable under certain circumstances; defining certain  
11 terms; providing for the application of this Act; and generally relating to an  
12 income tax subtraction modification and State income tax credit for  
13 education-related expenses paid for dependents in kindergarten through grade  
14 12.

15 BY repealing and reenacting, without amendments,  
16 Article - Tax - General  
17 Section 10-208(a)  
18 Annotated Code of Maryland  
19 (1997 Replacement Volume and 1998 Supplement)

20 BY adding to  
21 Article - Tax - General  
22 Section 10-208(o) and 10-712  
23 Annotated Code of Maryland  
24 (1997 Replacement Volume and 1998 Supplement)

25 BY repealing and reenacting, with amendments,  
26 Article - Tax - General  
27 Section 10-809  
28 Annotated Code of Maryland

1 (1997 Replacement Volume and 1998 Supplement)

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

4 **Article - Tax - General**

5 10-208.

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

9 (O) (1) IN THIS SUBSECTION, "EDUCATION-RELATED EXPENSES" HAS THE  
10 MEANING STATED IN § 10-712 OF THIS TITLE.

11 (2) SUBJECT TO THE LIMITATIONS UNDER PARAGRAPH (3) OF THIS  
12 SUBSECTION, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION  
13 INCLUDES THE AMOUNT PAID BY AN INDIVIDUAL DURING THE TAXABLE YEAR FOR  
14 EDUCATION-RELATED EXPENSES FOR DEPENDENTS IN KINDERGARTEN THROUGH  
15 GRADE 12, REDUCED BY ANY AMOUNT ALLOWED AS A CREDIT UNDER § 10-712 OF  
16 THIS TITLE.

17 (3) THE SUBTRACTION UNDER THIS SUBSECTION MAY NOT EXCEED THE  
18 SUM OF:

19 (I) \$1,500 FOR EACH DEPENDENT IN KINDERGARTEN TO GRADE 6;  
20 AND

21 (II) \$2,500 FOR EACH DEPENDENT IN GRADES 7 TO 12.

22 10-712.

23 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
24 INDICATED.

25 (2) (I) "EDUCATION-RELATED EXPENSES" MEANS:

26 1. FEES OR TUITION FOR INSTRUCTION OUTSIDE THE  
27 REGULAR SCHOOL DAY OR SCHOOL YEAR, IN GRADE OR AGE APPROPRIATE  
28 CURRICULA THAT:

29 A. SUPPLEMENT CURRICULA AND INSTRUCTION AVAILABLE  
30 DURING THE REGULAR SCHOOL YEAR;

31 B. ASSIST A DEPENDENT TO IMPROVE KNOWLEDGE OF CORE  
32 CURRICULUM AREAS OR TO EXPAND KNOWLEDGE AND SKILLS REQUIRED FOR  
33 GRADUATION; AND

1 C. DO NOT INCLUDE THE TEACHING OF RELIGIOUS TENETS,  
2 DOCTRINES, OR WORSHIP;

3 2. EXPENSES FOR TEXTBOOKS, INCLUDING BOOKS AND  
4 OTHER INSTRUCTIONAL MATERIALS AND EQUIPMENT USED IN ELEMENTARY AND  
5 SECONDARY SCHOOLS IN TEACHING ONLY THOSE SUBJECTS LEGALLY AND  
6 COMMONLY TAUGHT IN PUBLIC ELEMENTARY AND SECONDARY SCHOOLS IN THIS  
7 STATE;

8 3. A MAXIMUM EXPENSE OF \$200 PER FAMILY FOR  
9 PERSONAL COMPUTER HARDWARE, EXCLUDING SINGLE PURPOSE PROCESSORS, AND  
10 EDUCATIONAL SOFTWARE THAT ASSISTS A DEPENDENT TO IMPROVE KNOWLEDGE  
11 OF CORE CURRICULUM AREAS OR TO EXPAND KNOWLEDGE AND SKILLS REQUIRED  
12 FOR GRADUATION, PURCHASED FOR USE IN THE TAXPAYER'S HOME AND NOT USED  
13 IN A TRADE OR BUSINESS REGARDLESS OF WHETHER THE COMPUTER IS REQUIRED  
14 BY THE DEPENDENT'S SCHOOL; AND

15 4. THE AMOUNT PAID TO OTHERS FOR TRANSPORTATION OF  
16 A DEPENDENT TO OR FROM AN ELEMENTARY OR SECONDARY SCHOOL.

17 (II) "EDUCATION-RELATED EXPENSES" DOES NOT INCLUDE FEES  
18 OR TUITION FOR ENROLLMENT OR ATTENDANCE AT AN ELEMENTARY OR  
19 SECONDARY SCHOOL DURING THE REGULAR SCHOOL DAY AND SCHOOL YEAR.

20 (3) "INSTRUCTION OUTSIDE THE REGULAR SCHOOL DAY OR SCHOOL  
21 YEAR" INCLUDES:

22 (I) TUTORING;

23 (II) DRIVER'S EDUCATION TAKEN AS PART OF SCHOOL  
24 CURRICULUM;

25 (III) MUSIC AND ART LESSONS;

26 (IV) AFTER SCHOOL ENRICHMENT PROGRAMS; AND

27 (V) SUMMER CAMPS.

28 (4) "TEXTBOOK" DOES NOT INCLUDE:

29 (I) INSTRUCTIONAL BOOKS AND MATERIALS USED IN THE  
30 TEACHING OF RELIGIOUS TENETS, DOCTRINES, OR WORSHIP, THE PURPOSE OF  
31 WHICH IS TO INSTILL SUCH TENETS, DOCTRINES, OR WORSHIP; OR

32 (II) BOOKS OR MATERIALS FOR EXTRACURRICULAR ACTIVITIES  
33 INCLUDING SPORTING EVENTS, MUSICAL OR DRAMATIC EVENTS, SPEECH  
34 ACTIVITIES, DRIVER'S EDUCATION, OR SIMILAR PROGRAMS.

35 (B) SUBJECT TO THE LIMITATIONS UNDER SUBSECTION (C) OF THIS SECTION,  
36 AN INDIVIDUAL WHOSE FEDERAL ADJUSTED GROSS INCOME DOES NOT EXCEED

1 \$33,500 MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT  
2 EQUAL TO THE AMOUNT PAID FOR EDUCATION-RELATED EXPENSES FOR A  
3 DEPENDENT IN KINDERGARTEN THROUGH GRADE 12.

4 (C) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED  
5 \$1,000 FOR EACH CHILD AND \$2,000 FOR EACH INCOME TAX RETURN.

6 (2) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED BY A  
7 MARRIED INDIVIDUAL FILING A SEPARATE RETURN.

8 (3) OF THE CREDIT OTHERWISE ALLOWED UNDER THIS SECTION, AN  
9 INDIVIDUAL WHO IS A NONRESIDENT OR IS A RESIDENT OF THE STATE FOR ONLY A  
10 PART OF THE YEAR IS ALLOWED A FRACTION:

11 (I) THE NUMERATOR OF WHICH IS THE INDIVIDUAL'S MARYLAND  
12 ADJUSTED GROSS INCOME; AND

13 (II) THE DENOMINATOR OF WHICH IS THE INDIVIDUAL'S FEDERAL  
14 ADJUSTED GROSS INCOME.

15 (D) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE YEAR  
16 EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, CALCULATED BEFORE  
17 THE APPLICATION OF THE CREDITS UNDER THIS SECTION AND UNDER §§ 10-701 AND  
18 10-701.1 OF THIS SUBTITLE, BUT AFTER THE APPLICATION OF OTHER CREDITS  
19 ALLOWABLE UNDER THIS SUBTITLE, THE EXCESS OF THE CREDIT SHALL BE  
20 REFUNDED.

21 10-809.

22 If an individual is not required to file an income tax return under § 10-805, §  
23 10-806 or § 10-813 of this subtitle, the individual:

24 (1) is not liable for income tax; and

25 (2) may file an income tax return to claim a refund of the income tax  
26 withheld or estimated income tax paid or a refund under § 10-704 OR § 10-712 of this  
27 title.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,  
30 1998.