
By: ~~Delegates Hixson, Cadden, and Kaiser~~ Kaiser, Healey, Bartlett,
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Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 18, 2003

CHAPTER _____

1 AN ACT concerning

2 ~~Adult Education and Literacy Services - State Appropriation~~ Income Tax
3 Subtraction Modification

4 FOR the purpose of ~~providing for a certain annual State appropriation for certain~~
5 ~~adult education and literacy services; requiring the Department of Education to~~
6 ~~submit a certain report to the Governor and the General Assembly on or before~~
7 ~~a certain date assessing the effectiveness of a certain method for calculating a~~
8 ~~certain appropriation; defining certain terms; and generally relating to the~~
9 ~~State appropriation for allowing a subtraction modification under the Maryland~~
10 ~~individual and corporate income tax for expenses incurred to provide adult~~
11 ~~education and literacy services to certain individuals; providing for the~~
12 ~~application of this Act; and generally relating to an income tax subtraction~~
13 ~~modification for expenses incurred by certain persons to provide adult education~~
14 ~~and literacy services.~~

15 BY repealing and reenacting, ~~with~~ without amendments,
16 Article - ~~Education Tax - General~~
17 Section ~~5-218~~ 10-208(a)
18 Annotated Code of Maryland
19 (~~2001~~ 1997 Replacement Volume and 2002 Supplement)

20 BY adding to
21 Article - Tax - General
22 Section 10-208(q)

1 Annotated Code of Maryland
2 (1997 Replacement Volume and 2002 Supplement)

3 BY repealing and reenacting, with amendments,

4 Article - Tax - General

5 Section 10-308

6 Annotated Code of Maryland

7 (1997 Replacement Volume and 2002 Supplement)

8 Preamble

9 WHEREAS, The economy of Maryland needs an educated workforce to be
10 competitive; and

11 WHEREAS, An estimated 613,640 Maryland adults do not have a high school
12 diploma; and

13 WHEREAS, High school dropouts who earn a high school diploma can earn an
14 extra \$7,000 in annual income; and

15 WHEREAS, The literacy level of a parent is the best predictor of a child's
16 literacy achievement; and

17 WHEREAS, The National Adult Literacy Survey reports that 20% of
18 Marylanders function at the lowest literacy level; and

19 WHEREAS, Maryland provides adult education and literacy services to only 4%
20 of the target population; and

21 WHEREAS, Each year, over 16,000 Maryland adults apply to take the GED test
22 and 45% fail the test due to lack of preparation; and

23 WHEREAS, Over 88,000 foreign-born residents who "do not speak English
24 well" or "at all" entered the State since the last census was taken; and

25 WHEREAS, Over 2,000 adults are on waiting lists for English as a second
26 language instruction; and

27 WHEREAS, The task force appointed by the General Assembly in 2001 studied
28 adult education-related services, outcomes, workforce connections, and funding;

29 WHEREAS, The task force recommended ~~increasing the State investment in~~
30 ~~adult education services that the State increase access to and provide incentives for~~
31 employers and workers to invest in and participate in adult education; now, therefore,

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

1

Article—Education2 ~~5-218.~~

3 ~~(a) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS~~
4 ~~INDICATED.~~

5 ~~(2) "ASSETS" MEANS THE SUM OF THE FEDERAL AND LOCAL FUNDING~~
6 ~~FOR THE STATE ADULT EDUCATION AND LITERACY PROGRAM.~~

7 ~~(3) "COST OF INSTRUCTION" MEANS THE EXPENDITURES NECESSARY~~
8 ~~FOR PROVIDING AN INDIVIDUAL WITH LITERACY INSTRUCTION FOR A FISCAL YEAR~~
9 ~~AND IS CALCULATED BY MULTIPLYING THE COST PER CONTACT HOUR BY 100, WHICH~~
10 ~~IS THE MINIMUM NUMBER OF INSTRUCTIONAL HOURS REQUIRED TO MAKE~~
11 ~~SIGNIFICANT PROGRESS IN LITERACY SKILLS DURING A SEMESTER.~~

12 ~~(4) "COST PER CONTACT HOUR" MEANS THE COST OF 1 HOUR OF ADULT~~
13 ~~EDUCATION AND LITERACY INSTRUCTION TO AN INDIVIDUAL STUDENT DURING THE~~
14 ~~PREVIOUS FISCAL YEAR.~~

15 ~~(5) "DEMAND" MEANS THE TOTAL NUMBER OF INDIVIDUALS~~
16 ~~REQUESTING LITERACY SERVICES IN THE STATE AND IS CALCULATED AS THE SUM~~
17 ~~OF:~~

18 ~~(I) THE NUMBER OF ADULTS ENROLLED IN THE FEDERAL AND~~
19 ~~STATE ADULT EDUCATION PROGRAM ADMINISTERED THROUGH THE DEPARTMENT~~
20 ~~DURING THE PRECEDING FISCAL YEAR AS DOCUMENTED BY THE LITERACY WORKS~~
21 ~~INFORMATION SYSTEM;~~

22 ~~(II) THE NUMBER OF ADULTS REPORTED ON THE WAITING LIST~~
23 ~~FOR INSTRUCTIONAL SERVICES IN THE FEDERAL AND STATE ADULT EDUCATION~~
24 ~~PROGRAM DURING THE PRECEDING FISCAL YEARS; AND~~

25 ~~(III) THE NUMBER OF INDIVIDUALS WHO APPLIED TO TAKE THE~~
26 ~~GED TEST DURING THE PRECEDING FISCAL YEAR AS DOCUMENTED BY THE~~
27 ~~DEPARTMENT'S GED TESTING OFFICE.~~

28 ~~(6) "STATE SHARE" MEANS THE AMOUNT OF STATE FUNDING FOR~~
29 ~~ADULT EDUCATION AND LITERACY PROGRAMS AND IS CALCULATED AS FOLLOWS:~~

30 ~~(I) MULTIPLY THE NUMBER OF ADULTS ENROLLED IN THE~~
31 ~~FEDERAL AND STATE ADULT EDUCATION PROGRAM AND THE COST OF INSTRUCTION;~~
32 ~~AND~~

33 ~~(II) FROM THE PRODUCT IN ITEM (I) OF THIS PARAGRAPH~~
34 ~~SUBTRACT ASSETS.~~

35 ~~(B) (1) The Department shall distribute competitive grants for adult~~
36 ~~education services in accordance with the State Plan for Adult Education and Family~~
37 ~~Literacy.~~

1 (2) The grants distributed under this section shall be based on need and
2 performance.

3 (3) Grants under this section may be used for adult education and
4 literacy services, including:

5 (i) GED instruction;

6 (ii) The Maryland Adult External High School Program under §
7 7-205.1 of this article;

8 (iii) English for Speakers of Other Languages;

9 (iv) Family literacy; and

10 (v) Basic skills and literacy instruction.

11 [(b) Funding for the competitive grants under this section shall be as provided
12 in the State budget.]

13 (C) ~~THE ADDITIONAL FINANCIAL RESOURCES NECESSARY TO FUND THE
14 DEMAND FOR ADULT EDUCATION AND LITERACY IN THE STATE IS THE AMOUNT
15 CALCULATED AS FOLLOWS:~~

16 (1) ~~MULTIPLY DEMAND BY THE COST OF INSTRUCTION;~~

17 (2) ~~FROM THE PRODUCT IN ITEM (1) OF THIS SUBSECTION SUBTRACT
18 THE SUM OF ASSETS AND STATE SHARE.~~

19 (D) (1) ~~THE GOVERNOR SHALL INCLUDE AN APPROPRIATION IN THE STATE
20 BUDGET EACH YEAR FOR THE STATE SHARE OF ADULT EDUCATION AND LITERACY
21 WHICH SHALL BE CALCULATED AS INDICATED IN THIS SUBSECTION.~~

22 (2) ~~FOR FISCAL YEARS 2006 THROUGH 2010, THE STATE SHARE SHALL BE
23 THE PRODUCT OF THE FISCAL YEAR 2003 APPROPRIATION AND:~~

24 (I) ~~0.11 IN FISCAL YEAR 2006;~~

25 (II) ~~0.15 IN FISCAL YEAR 2007;~~

26 (III) ~~0.20 IN FISCAL YEAR 2008;~~

27 (IV) ~~0.33 IN FISCAL YEAR 2009; AND~~

28 (V) ~~0.40 IN FISCAL YEAR 2010.~~

29 (E) ~~THE DEPARTMENT SHALL REPORT TO THE GOVERNOR AND GENERAL
30 ASSEMBLY ON OR BEFORE SEPTEMBER 30, 2009, IN ACCORDANCE WITH § 2-1246 OF
31 THE STATE GOVERNMENT ARTICLE, ASSESSING THE EFFECTIVENESS OF THE
32 METHOD FOR CALCULATING THE STATE APPROPRIATION FOR ADULT EDUCATION
33 AND LITERACY SERVICES UNDER THIS SECTION.~~

Article - Tax - General

2 10-208.

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

6 (Q) (1) IN THIS SUBSECTION, "BUSINESS ENTITY" MEANS:

7 (I) A PERSON CONDUCTING A TRADE OR BUSINESS IN MARYLAND;
8 OR

9 (II) AN ORGANIZATION OPERATING IN MARYLAND THAT IS EXEMPT
10 FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE.

11 (2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION
12 INCLUDES 100% OF THE EXPENSES THAT A BUSINESS ENTITY INCURS TO PROVIDE
13 ADULT EDUCATION AND LITERACY SERVICES TO ITS EMPLOYEES OR TO OTHER
14 INDIVIDUALS.

15 10-308.

16 (a) In addition to the modification under § 10-307 of this subtitle, the
17 amounts under this section are subtracted from the federal taxable income of a
18 corporation to determine Maryland modified income.

19 (b) The subtraction under subsection (a) of this section includes the amounts
20 allowed to be subtracted for an individual under:

21 (1) § 10-208(d) of this title (Conservation tillage equipment expenses);

22 (2) § 10-208(i) of this title (Reforestation or timber stand expenses);

23 (3) § 10-208(k) of this title (Wage expenses for targeted jobs);

24 (4) § 10-208(m) of this title (Poultry or livestock manure spreading
25 equipment); [and]

26 (5) § 10-208(p) of this title (Elevator handrails in health care facilities);
27 AND

28 (6) § 10-208(Q) OF THIS TITLE (ADULT EDUCATION AND LITERACY
29 SERVICES).

30 (c) In the case of a regulated investment company, the subtraction under
31 subsection (a) of this section includes an amount equal to the exempt-interest
32 dividends paid by the company that are attributable to amounts received by the
33 company that are included in the addition modification for dividends and interest
34 from state or local obligations of another state under § 10-305(d)(1) of this subtitle.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
2 effect July 1, 2003, and shall be applicable to all taxable years beginning after
3 December 31, 2002.