

HOUSE BILL 204

Q3

71r1360

By: **Delegates Rice, Ali, Barkley, Barnes, Bronrott, Cardin, Dumais, Feldman, Gutierrez, Hixson, Hucker, Ivey, N. King, Kipke, Kramer, Lawton, Manno, Mizeur, Olszewski, Pena-Melnyk, Ross, Schuler, Stukes, Tarrant, Taylor, Valderrama, Vaughn, Waldstreicher, and Walker**

Introduced and read first time: January 26, 2007

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit – Student Textbooks**

3 FOR the purpose of allowing certain individuals to claim a credit against the State
4 income tax up to a certain amount for textbooks purchased for use at
5 institutions of higher education; providing that the credit may not exceed the
6 State income tax for that taxable year and that any unused credit for a taxable
7 year may not be carried over to any other taxable year; defining certain terms;
8 providing for application of this Act; and generally relating to a credit against
9 the State income tax credit for certain textbooks.

10 BY adding to

11 Article – Tax – General

12 Section 10–726

13 Annotated Code of Maryland

14 (2004 Replacement Volume and 2006 Supplement)

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

17 **Article – Tax – General**

18 **10–726.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 (2) “ELIGIBLE STUDENT” MEANS AN INDIVIDUAL:

4 (I) WHO IS THE TAXPAYER, THE TAXPAYER’S SPOUSE, OR A
5 DEPENDENT OF THE TAXPAYER AS DEFINED IN § 152 OF THE INTERNAL
6 REVENUE CODE; AND

7 (II) WHO QUALIFIES FOR STATE FINANCIAL ASSISTANCE ON
8 THE BASIS OF NEED AS DETERMINED BY THE MARYLAND HIGHER EDUCATION
9 COMMISSION.

10 (3) “TEXTBOOK” MEANS A BOOK:

11 (I) WRITTEN, DESIGNED, AND PRODUCED FOR
12 EDUCATIONAL, INSTRUCTIONAL, OR PEDAGOGICAL PURPOSES; AND

13 (II) REQUIRED FOR A COURSE AT AN INSTITUTION OF
14 HIGHER EDUCATION AS DEFINED IN § 10–101 OF THE EDUCATION ARTICLE.

15 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A TAXPAYER MAY
16 CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR THE EXPENSES ABOVE
17 \$500 FOR THE TAXABLE YEAR FOR THE PURCHASE OF TEXTBOOKS FOR AN
18 ELIGIBLE STUDENT’S USE AT AN INSTITUTION OF HIGHER EDUCATION AS
19 DEFINED IN § 10–101 OF THE EDUCATION ARTICLE.

20 (C) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
21 SECTION MAY NOT EXCEED THE LESSER OF:

22 (I) THE STATE INCOME TAX IMPOSED FOR THE TAXABLE
23 YEAR CALCULATED BEFORE THE APPLICATION OF THE CREDITS ALLOWED
24 UNDER THIS SECTION AND UNDER §§ 10–701 AND 10–701.1 OF THIS SUBTITLE;
25 OR

26 (II) \$500.

27 (2) THE UNUSED AMOUNT OF THE CREDIT MAY NOT BE CARRIED
28 OVER TO ANY OTHER TAXABLE YEAR.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2007, and shall be applicable to all taxable years beginning after December 31,
3 2006.