

SENATE BILL 283

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By: **The President (By Request – Administration) and Senators Currie, Kasemeyer, Dyson, Munson, King, and Rosapepe**
Introduced and read first time: January 22, 2010
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Higher Education Investment Fund – Tuition Stabilization and Funding**

3 FOR the purpose of requiring the Comptroller to continue to distribute certain income
4 tax revenue from corporations to the Higher Education Investment Fund;
5 expanding the authorized uses of the Fund; establishing a Tuition Stabilization
6 Trust Account in the Fund; requiring certain funds to be transferred to the
7 Trust Account under certain circumstances; setting a certain State goal
8 regarding resident tuition and fees at public institutions of higher education;
9 providing that the Trust Account consists of certain money; limiting the
10 authorized use of funds in the Trust Account; and generally relating to funding
11 and authorized uses of the Higher Education Investment Fund.

12 BY repealing and reenacting, with amendments,
13 Article – Education
14 Section 15–106.6
15 Annotated Code of Maryland
16 (2008 Replacement Volume and 2009 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Tax – General
19 Section 2–613.1
20 Annotated Code of Maryland
21 (2004 Replacement Volume and 2009 Supplement)

22 Preamble

23 WHEREAS, The State public universities have not raised in-State
24 undergraduate tuition in the last four years and as a result Maryland has fallen from
25 the 6th highest public tuition state in the nation to a current ranking of 17th; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 WHEREAS, The Commission to Develop the Maryland Model for Funding
2 Higher Education was charged with developing an effective statewide framework for
3 higher education funding to establish a consistent and stable funding mechanism
4 while promoting policies to achieve national eminence; and

5 WHEREAS, The Commission recommended that the Higher Education
6 Investment Fund be established as a permanent fund; and

7 WHEREAS, The Commission recommended the creation of a Tuition
8 Stabilization Account within the Higher Education Investment Fund to stabilize
9 tuition costs for resident students; and

10 WHEREAS, The Commission recommended that the State set as a goal to limit
11 percentage increases in resident undergraduate tuition in any given year to a percent
12 not to exceed the increase in the three-year rolling average of the State's median
13 family income, a policy that would link tuition increases to a measure of affordability
14 for Maryland families; now, therefore,

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

17 **Article – Education**

18 15–106.6.

19 (a) (1) In this section the following words have the meanings indicated.

20 (2) “Fund” means the Higher Education Investment Fund.

21 **(3) “TRUST ACCOUNT” MEANS THE TUITION STABILIZATION**
22 **TRUST ACCOUNT.**

23 **[(3)] (4)** “Tuition” means the charges and fees approved by the
24 governing board of a public senior higher education institution which are required of
25 all undergraduate resident students by the institution as a condition of enrollment
26 regardless of the student's degree program, field of study, or selected courses.

27 (b) (1) There is a Higher Education Investment Fund.

28 (2) The purpose of the Fund is to:

29 (i) Invest in public higher education and workforce
30 development; and

31 (ii) Keep tuition affordable for Maryland students and families.

1 (3) The Fund is a special, nonlapsing fund that is not subject to §
2 7-302 of the State Finance and Procurement Article.

3 (4) The Treasurer shall hold the Fund and the Comptroller shall
4 account for the Fund.

5 (5) The proceeds of the Fund shall be invested and reinvested.

6 (6) Any investment earnings shall be paid into the Fund.

7 (7) The Fund consists of:

8 (i) Money appropriated in the State budget for the Fund; and

9 (ii) Any other money from any other source accepted for the
10 benefit of the Fund.

11 (8) The Commission shall administer the Fund.

12 (9) Money in the Fund may be expended only:

13 (i) To supplement General Fund appropriations to public senior
14 higher education institutions and research institutes of the University System of
15 Maryland;

16 (ii) For capital projects for public senior higher education
17 institutions and research institutes of the University System of Maryland;

18 (iii) For workforce development initiatives administered by the
19 Commission; and

20 (iv) For initiatives to address higher education needs related to
21 the United States Department of Defense Base Realignment and Closure process.

22 (10) Expenditures from the Fund may be made only in accordance with
23 an appropriation approved by the General Assembly in the annual State budget.

24 **(C) (1) WITHIN THE FUND THERE IS A TUITION STABILIZATION**
25 **TRUST ACCOUNT.**

26 **(2) (I) THE TRUST ACCOUNT IS ESTABLISHED TO RETAIN**
27 **REVENUES FOR STABILIZING TUITION COSTS FOR RESIDENT UNDERGRADUATE**
28 **STUDENTS.**

29 **(II) IN YEARS OF INCREASING CORPORATE TAX REVENUES**
30 **THAT ARE ALLOCATED TO THE FUND UNDER § 2-613.1 OF THE TAX – GENERAL**
31 **ARTICLE, FUNDS SHALL BE DEPOSITED INTO THE TRUST ACCOUNT.**

1 **(III) FUNDS IN THE TRUST ACCOUNT SHALL BE USED ONLY**
 2 **TO STABILIZE TUITION AT PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS.**

3 **(IV) IT IS THE GOAL OF THE STATE THAT ANY INCREASE IN**
 4 **RESIDENT UNDERGRADUATE TUITION AND FEES AT PUBLIC INSTITUTIONS OF**
 5 **HIGHER EDUCATION IN ANY GIVEN YEAR SHOULD BE LIMITED TO A PERCENT**
 6 **NOT TO EXCEED THE INCREASE IN THE 3-YEAR ROLLING AVERAGE OF THE**
 7 **STATE'S MEDIAN FAMILY INCOME.**

8 **(3) THE TRUST ACCOUNT CONSISTS OF:**

9 **(I) MONEY APPROPRIATED IN THE STATE BUDGET FOR**
 10 **THE TRUST ACCOUNT; AND**

11 **(II) ANY OTHER MONEY FROM ANY OTHER SOURCE**
 12 **ACCEPTED FOR THE BENEFIT OF THE TRUST ACCOUNT.**

13 **(4) A BALANCE OF BETWEEN 1% AND 5% OF RESIDENT TUITION**
 14 **REVENUES RECEIVED BY PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS IN**
 15 **THE PRIOR FISCAL YEAR SHOULD BE MAINTAINED IN THE TRUST ACCOUNT.**

16 **(5) MONEY IN THE TRUST ACCOUNT MAY BE EXPENDED ONLY TO**
 17 **SUPPLEMENT GENERAL FUND APPROPRIATIONS TO PUBLIC SENIOR HIGHER**
 18 **EDUCATION INSTITUTIONS FOR THE PURPOSE OF STABILIZING TUITION COSTS**
 19 **OF RESIDENT UNDERGRADUATE STUDENTS.**

20 **Article – Tax – General**

21 2–613.1.

22 After making the distribution required under § 2–613 of this subtitle[:

23 (1)], of the remaining income tax revenue from corporations, the
 24 Comptroller shall distribute:

25 [(i) for fiscal year 2008 only:

26 1. \$16,000,000 to the Higher Education Investment
 27 Fund established under § 15–106.6 of the Education Article; and

28 2. the amount by which 15.15% of the remaining income
 29 tax revenue from corporations exceeds \$16,000,000 to the General Fund; and

30 (ii) for each of fiscal years 2009 and 2010 only:

1 1.] **(1)** 6% to the Higher Education Investment Fund
2 established under § 15–106.6 of the Education Article; and

3 [2.] **(2)** 9.15% to the General Fund[; and

4 (2) for fiscal year 2011 and subsequent fiscal years, the Comptroller
5 shall distribute 15.15% of the remaining income tax revenue from corporations to the
6 General Fund of the State].

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 2010.