

# HOUSE BILL 1014

Q3, F2

(6lr3357)

## ENROLLED BILL

— *Ways and Means and Appropriations/Budget and Taxation* —

Introduced by **Delegates Jones, Kaiser, Atterbeary, B. Barnes, Barve, Branch, Busch, Chang, Clippinger, Cullison, Davis, Ebersole, Frick, Frush, Gaines, Gutierrez, Hayes, Haynes, Hettleman, Hill, Hixson, Holmes, C. Howard, Jackson, Jalisi, Korman, Krimm, Lafferty, Lam, Lierman, Lisanti, Luedtke, McIntosh, A. Miller, Moon, Morhaim, Patterson, Platt, Reznik, B. Robinson, Sample-Hughes, Sanchez, Smith, Stein, Turner, Vallario, Waldstreicher, M. Washington, K. Young, and P. Young**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.  
\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.  
\_\_\_\_\_  
Speaker.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

### 2 **College Affordability Act of 2016**

3 FOR the purpose of prohibiting certain public institutions of higher education from  
4 referring certain delinquent student accounts or debts to the Central Collection Unit  
5 under certain circumstances; requiring certain public institutions of higher  
6 education to allow certain students with certain unpaid balances on certain student  
7 accounts to register for certain courses under certain circumstances; repealing a  
8 certain requirement that up to a certain percentage of a certain Part-Time Grant  
9 Program allocation be used for a certain purpose; requiring the College Savings

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics indicate opposite chamber/conference committee amendments.*



1 Plans of Maryland Board to develop and implement a certain marketing plan;  
2 requiring the Board to submit a certain marketing plan on or before a certain date;  
3 requiring the Board to adopt procedures for a State contribution program; requiring  
4 the Board to provide certain information in the statements for certain accounts;  
5 excluding a certain application from a certain fee; authorizing a State contribution  
6 to an investment account under certain circumstances; authorizing a certain  
7 application to be made by certain methods; requiring the Board to establish certain  
8 documentation and procedures for the submittal of a certain application; requiring  
9 the State to provide a certain contribution to certain investment accounts under  
10 certain circumstances; requiring the Governor to provide a certain appropriation in  
11 certain fiscal years to provide certain State contributions; providing certain priorities  
12 for State contributions under certain circumstances; requiring certain account  
13 holders to make a certain contribution within a certain period of time to qualify for  
14 a certain State contribution; requiring certain State contributions to be provided in  
15 a certain calendar year; prohibiting a certain account holder from taking a certain  
16 subtraction modification in a certain taxable year; requiring the Board to develop  
17 and implement a certain plan by a certain date; allowing certain individuals with  
18 certain student loan debt amounts a credit against the State income tax; requiring  
19 an application for the tax credit to be made to the Maryland Higher Education  
20 Commission by a certain date with a certain assurance; providing for the recapture  
21 of a certain tax credit under certain circumstances; requiring the Commission to  
22 certify the amount of a certain tax credit by a certain date subject to a certain  
23 limitation; requiring a certain taxpayer to attach a certain certification limiting the  
24 amount of tax credits that the Commission may approve in a taxable year to income  
25 tax returns; requiring the Commission to use certain criteria for prioritizing certain  
26 tax credits; providing for a certain subtraction modification under certain  
27 circumstances; providing for a refundable tax credit under certain circumstances;  
28 requiring the Commission to establish and implement a certain plan by a certain  
29 date; requiring the Commission to adopt certain regulations; requiring the  
30 Commission and the State Department of Education to collaborate on the  
31 development of a certain application for digital devices; ~~requiring a recipient of a~~  
32 ~~certain award to enroll in at least a certain number of credit hours in a certain time~~  
33 ~~period; establishing certain award amounts for certain financial assistance grants~~  
34 ~~for certain semesters academic years subject to certain conditions; limiting the~~  
35 ~~number of years that a certain award may be made except under certain~~  
36 ~~circumstances; defining certain terms; requiring the Board to make a certain report~~  
37 ~~to the General Assembly on or before a certain date; requiring the Commission, in~~  
38 ~~consultation with the Department of Legislative Services, to retain a certain~~  
39 ~~consultant to conduct a certain evaluation of the Office of Student Financial~~  
40 ~~Assistance in the Commission; requiring the Commission and the Department of~~  
41 ~~Legislative Services to report certain findings and recommendations on or before a~~  
42 ~~certain date; providing for the application of certain provisions this Act; and~~  
43 ~~generally relating to college affordability.~~

44 BY repealing and reenacting, with amendments,

45 Article – State Finance and Procurement

46 Section 3–302(a)

- 1        Annotated Code of Maryland  
2        (2015 Replacement Volume)
- 3   BY adding to  
4        Article – Education  
5        Section 15–119, 18–114, 18–1905.1, and 18–19A–04.1  
6        Annotated Code of Maryland  
7        (2014 Replacement Volume and 2015 Supplement)
- 8   BY repealing and reenacting, without amendments,  
9        Article – Education  
10       Section 18–301, 18–302, 18–303(a) and (b), 18–1401, 18–19A–01, 18–19A–04, and  
11       18–19A–05  
12       Annotated Code of Maryland  
13       (2014 Replacement Volume and 2015 Supplement)
- 14   BY repealing and reenacting, with amendments,  
15       Article – Education  
16       Section ~~18–303(a) and (b)~~, 18–304, 18–306, 18–1402, 18–19A–02, and 18–19A–03  
17       Annotated Code of Maryland  
18       (2014 Replacement Volume and 2015 Supplement)
- 19   ~~BY adding to~~  
20       ~~Article – Education~~  
21       ~~Section 18–114 and 18–19A–04.1~~  
22       ~~Annotated Code of Maryland~~  
23       ~~(2014 Replacement Volume and 2015 Supplement)~~
- 24   BY repealing and reenacting, without amendments,  
25       Article – Tax – General  
26       Section 10–207(a) and 10–208(a)  
27       Annotated Code of Maryland  
28       (2010 Replacement Volume and 2015 Supplement)
- 29   BY repealing and reenacting, with amendments,  
30       Article – Tax – General  
31       Section 10–208(o)  
32       Annotated Code of Maryland  
33       (2010 Replacement Volume and 2015 Supplement)
- 34   BY adding to  
35       Article – Tax – General  
36       Section 10–207(cc) and 10–737  
37       Annotated Code of Maryland  
38       (2010 Replacement Volume and 2015 Supplement)

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

**Article – State Finance and Procurement**

3–302.

(a) (1) Except as otherwise provided in subsection (b) of this section, PARAGRAPH (2)(II) OF THIS SUBSECTION, or in other law, the Central Collection Unit is responsible for the collection of each delinquent account or other debt that is owed to the State or any of its officials or units.

(2) (I) [An] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN official or unit of the State government shall refer to the Central Collection Unit each debt for which the Central Collection Unit has collection responsibility under this subsection and may not settle the debt.

(II) ~~IN ACCORDANCE WITH § 15-119 OF THE EDUCATION ARTICLE, A~~ A PUBLIC INSTITUTION OF HIGHER EDUCATION MAY NOT REFER A DELINQUENT STUDENT ACCOUNT OR DEBT TO THE CENTRAL COLLECTION UNIT UNLESS, IN ACCORDANCE WITH § 15-119 OF THE EDUCATION ARTICLE:

1. THE DELINQUENT ACCOUNT OR DEBT HAS NOT BEEN SETTLED BY THE END OF THE LATE REGISTRATION PERIOD OF THE SEMESTER AFTER THE STUDENT ACCOUNT BECAME DELINQUENT; OR

2. THE STUDENT HAS NOT ENTERED INTO OR MADE TIMELY PAYMENTS TO SATISFY AN INSTALLMENT PAYMENT PLAN.

(3) For the purposes of this subtitle, a community college or board of trustees for a community college established or operating under Title 16 of the Education Article is a unit of the State.

**Article – Education**

15-119.

(A) A PUBLIC INSTITUTION OF HIGHER EDUCATION SHALL ALLOW AN INDIVIDUAL WITH AN UNPAID BALANCE OF \$250 OR LESS ON A STUDENT ACCOUNT TO REGISTER FOR COURSES AT THE INSTITUTION IF THE INDIVIDUAL SETTLES THE BALANCE ON THE STUDENT ACCOUNT BY THE END OF THE LATE REGISTRATION PERIOD FOR THE NEXT SEMESTER.

(B) (1) A PUBLIC INSTITUTION OF HIGHER EDUCATION SHALL ALLOW AN INDIVIDUAL WITH AN UNPAID BALANCE OF MORE THAN \$250 ON A STUDENT

1 ACCOUNT TO REGISTER FOR COURSES AT THE INSTITUTION IF THE INDIVIDUAL  
2 ENTERS INTO AN INSTALLMENT PAYMENT PLAN BEFORE THE END OF THE LATE  
3 REGISTRATION PERIOD FOR THE CURRENT SEMESTER.

4 (2) THE INSTALLMENT PAYMENT PLAN UNDER PARAGRAPH (1) OF  
5 THIS SUBSECTION SHALL REQUIRE THE INDIVIDUAL TO MAKE PAYMENTS TO SETTLE  
6 THE UNPAID BALANCE ON THE STUDENT ACCOUNT BY THE AGREED ON DATE.

7 18-1401.

8 (a) In this section, "part-time student" means a student who:

9 (1) Is enrolled in a degree-granting program at an eligible institution and  
10 taking at least 3 but no more than 11 semester hours of courses each semester; or

11 (2) Is dually enrolled in a secondary school in the State and an institution  
12 of higher education.

13 (b) In cooperation with the institutions of higher education in the State, the  
14 Commission shall establish and administer a grant program for undergraduate part-time  
15 students.

16 (c) A recipient of a part-time grant shall:

17 (1) Be a resident of the State; and

18 (2) Have demonstrated a definite financial need according to criteria  
19 established by the Commission.

20 (d) For courses completed under the program, a recipient who is dually enrolled  
21 in a secondary school in the State and an institution of higher education may not be  
22 required to receive credit from a secondary school and an institution of higher education at  
23 the same time.

24 18-1402.

25 (a) [(1)] Funds for the Part-Time Grant Program shall be allocated by the  
26 Commission to each institution of higher education based upon the number of  
27 undergraduate part-time students with demonstrated financial need who are enrolled in  
28 degree-granting programs at the institution.

29 [(2)] An institution of higher education may use up to 10% of the part-time  
30 grant allocation to provide grants to students who are enrolled in at least 3 but less than 6  
31 semester hours of courses each semester.

1 (b) In addition to the funds provided under § 18-14A-02(b) of this title,  
2 institutions may use up to 10% of the part-time grant allocation to provide grants to  
3 students who are dually enrolled.

4 (c)] (B) Funds for the grant program for part-time students shall be as  
5 provided in the annual budget of the Commission by the Governor.

6 18-1905.1.

7 (A) (1) THE BOARD SHALL DEVELOP AND IMPLEMENT A MARKETING  
8 PLAN TO INCREASE PARTICIPATION IN THE COLLEGE SAVINGS PLANS OF  
9 MARYLAND.

10 (2) (I) THE MARKETING PLAN SHALL IDENTIFY METHODS TO  
11 INCREASE GENERAL PARTICIPATION IN THE COLLEGE SAVINGS PLANS OF  
12 MARYLAND.

13 (II) THE BOARD SHALL COORDINATE WITH THE BOARD OF  
14 TRUSTEES OF THE MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL  
15 RETIREMENT PLANS AND LOCAL SCHOOL SYSTEMS, RESPECTIVELY, TO IDENTIFY  
16 METHODS TO INCREASE PARTICIPATION IN THE COLLEGE SAVINGS PLANS OF  
17 MARYLAND AMONG:

18 1. STATE EMPLOYEES THAT PARTICIPATE IN OTHER  
19 STATE TAX SAVINGS PROGRAMS; AND

20 2. FAMILIES OF STUDENTS IN LOCAL SCHOOL SYSTEMS  
21 WITH LOWER RATES OF PARTICIPATION IN THE COLLEGE SAVINGS PLANS OF  
22 MARYLAND THAN THE STATE POPULATION.

23 (B) ON OR BEFORE DECEMBER 1, 2016, AND EVERY 3 YEARS THEREAFTER,  
24 THE BOARD SHALL SUBMIT THE MARKETING PLAN REQUIRED UNDER SUBSECTION  
25 (A) OF THIS SECTION TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF  
26 THE STATE GOVERNMENT ARTICLE, THE SENATE BUDGET AND TAXATION  
27 COMMITTEE, THE SENATE EDUCATION, HEALTH, AND ENVIRONMENTAL AFFAIRS  
28 COMMITTEE, THE HOUSE COMMITTEE ON WAYS AND MEANS, AND THE HOUSE  
29 APPROPRIATIONS COMMITTEE.

30 18-19A-01.

31 (a) In this subtitle the following words have the meanings indicated.

32 (b) "Account holder" means the person who established an investment account on  
33 behalf of a qualified designated beneficiary.

1 (c) "Board" means the College Savings Plans of Maryland Board established  
2 under § 18–1904 of this title.

3 (d) "Eligible educational institution" has the meaning stated in § 529(e) of the  
4 Internal Revenue Code.

5 (e) "Investment account" means an account established by an account holder  
6 under this subtitle on behalf of a qualified designated beneficiary for the purpose of  
7 applying distributions toward qualified higher education expenses at eligible educational  
8 institutions.

9 (f) "Plan" means the Maryland College Investment Plan established under this  
10 subtitle.

11 (g) "Qualified designated beneficiary" has the meaning stated in § 529(e) of the  
12 Internal Revenue Code.

13 (h) "Qualified higher education expenses" has the meaning stated in § 529(e) of  
14 the Internal Revenue Code.

15 (i) "Qualified state tuition program" has the meaning stated in § 529 of the  
16 Internal Revenue Code.  
17 18–19A–02.

18 (a) There is a Maryland College Investment Plan.

19 (b) The purpose of the Plan is to allow contributions to an investment account  
20 established for the purposes of meeting the qualified higher education expenses of the  
21 qualified designated beneficiary of the account.

22 (c) (1) The Board shall administer, manage, promote, and market the Plan.

23 (2) The Board shall administer the Plan in compliance with Internal  
24 Revenue Service standards for qualified State tuition programs.

25 (d) The Board shall adopt procedures that the Board considers necessary to carry  
26 out the provisions of this subtitle.

27 (e) The Board shall adopt procedures relating to:

28 (1) Application procedures for participation in the Plan;

29 (2) Start-up costs incurred by the State for the development of the Plan  
30 with these costs to be reimbursed to the State by the Plan;

1 (3) Early withdrawals, so that there will be no major detriment to the  
2 remaining account holders in the Plan; [and]

3 (4) **THE STATE CONTRIBUTION PROGRAM; AND**

4 [(4)] (5) Transfer of funds from the Plan to other qualified State tuition  
5 programs and from other qualified State tuition programs to the Plan in accordance with  
6 federal law.

7 (f) At least annually, the Board shall issue to each account holder a statement  
8 that provides a separate accounting for each qualified designated beneficiary providing the  
9 following information with respect to each account:

10 (1) The beginning balance;

11 (2) Contributions to the account, **INCLUDING ANY STATE**  
12 **CONTRIBUTION;**

13 (3) Withdrawals from the account during the previous year; and

14 (4) Ending investment account value.

15 18–19A–03.

16 (a) (1) The Board may issue requests for proposals to evaluate and determine  
17 the means for the administration, management, promotion, or marketing of the Plan.

18 (2) The Board shall consider proposals that meet the following criteria:

19 (i) Ability to develop and administer an investment program of a  
20 nature similar to the objectives of the Plan;

21 (ii) Ability to administer financial programs with individual account  
22 records and reporting;

23 (iii) Ability to market the Plan to Maryland residents;

24 (iv) Ability to market the Plan to nonresidents of Maryland; and

25 (v) Ability to coordinate the Plan with other programs or  
26 informational services considered beneficial by the Board, including the Maryland Prepaid  
27 College Trust established under Subtitle 19 of this title.

28 (b) (1) **[The] EXCEPT FOR APPLICATIONS MADE UNDER § 18–19A–04.1 OF**  
29 **THIS SUBTITLE, THE** Board may require an initial application fee to be used for  
30 administrative costs of the Plan.



1           (2)    The Board may require additional fees associated with the expenses of  
2 the Plan.

3           (c)    (1)    Contributions to the Plan on behalf of a qualified designated beneficiary  
4 may not exceed the maximum amount determined by the Board to be in accordance with §  
5 529 of the Internal Revenue Code.

6                   (2)    Contributions to the Plan may be made only in cash or cash equivalent.

7                   (3)    The Plan shall include provisions for automatic contributions.

8           (d)    The Board shall adopt procedures to ensure that contributions to the Plan plus  
9 contributions or payments to other qualified State tuition programs do not exceed a total  
10 maximum amount determined under § 529 of the Internal Revenue Code for contributions  
11 to multiple qualified State tuition programs.

12           (e)    (1)    The Plan:

13                           (i)    Shall be established in the form determined by the Board; and

14                           (ii)   May be established as a trust to be declared by the Board.

15                   (2)    The Plan may be divided into multiple investment portfolios.

16                   (3)    If the Plan is divided into multiple portfolios as provided in paragraph  
17 (2) of this subsection, the debts, liabilities, obligations, and expenses incurred, contracted  
18 for, or otherwise existing with respect to a particular portfolio shall be enforceable against  
19 the assets of that portfolio only and not against the assets of the Plan generally, if:

20                           (i)    Distinct records are maintained for each portfolio; and

21                           (ii)   The assets associated with each portfolio are accounted for  
22 separately from the other assets of the Plan.

23 18-19A-04.

24           (a)    A Maryland resident or a nonresident of Maryland may participate in and  
25 benefit from the Plan.

26           (b)    Distributions shall be requested by the account holder.

27 **18-19A-04.1.**

1 (A) FOR INVESTMENT ACCOUNTS ESTABLISHED AFTER DECEMBER 31,  
2 2016, A STATE CONTRIBUTION MAY BE MADE TO AN INVESTMENT ACCOUNT AS  
3 PROVIDED IN THIS SECTION IF:

4 (1) ~~THE ACCOUNT HOLDER OR~~ QUALIFIED BENEFICIARY OF THE  
5 INVESTMENT ACCOUNT IS A MARYLAND RESIDENT;

6 (2) THE ACCOUNT HOLDER SUBMITS AN APPLICATION TO THE BOARD  
7 ~~OR ITS DESIGNEE NO EARLIER THAN SEPTEMBER 15 AND NO LATER THAN~~  
8 ~~SEPTEMBER 20 OF EACH YEAR~~ BETWEEN JANUARY 1 AND JUNE 1 OF EACH YEAR;  
9 AND

10 (3) THE ACCOUNT HOLDER HAS MARYLAND TAXABLE INCOME NO  
11 GREATER THAN \$112,500 FOR AN INDIVIDUAL OR ~~\$225,000~~ \$175,000 FOR A  
12 MARRIED COUPLE FILING A JOINT RETURN IN THE PREVIOUS TAXABLE YEAR.

13 (B) (1) AN APPLICATION MAY BE MADE IN PERSON, ONLINE, OR BY MAIL.

14 (2) THE BOARD SHALL:

15 (I) ESTABLISH A LIST OF DOCUMENTATION THAT MUST BE  
16 SUBMITTED WITH THE APPLICATION, INCLUDING DOCUMENTS THAT ESTABLISH  
17 MARYLAND TAXABLE INCOME AND MARYLAND RESIDENCY;

18 (II) A PROCEDURE TO CERTIFY THE DATE AND TIME OF RECEIPT  
19 OF AN APPLICATION; AND

20 (III) ANY OTHER NECESSARY PROCEDURES FOR THE SUBMITTAL  
21 OF APPLICATIONS.

22 (C) (1) FOR AN ACCOUNT HOLDER WITH MARYLAND TAXABLE INCOME OF  
23 LESS THAN \$50,000 FOR AN INDIVIDUAL OR ~~\$100,000~~ \$75,000 FOR A MARRIED  
24 COUPLE FILING A JOINT RETURN WHO MAKES AN ANNUAL CONTRIBUTION OF AT  
25 LEAST \$25 PER BENEFICIARY, THE STATE SHALL PROVIDE AN ADDITIONAL \$250 PER  
26 BENEFICIARY.

27 (2) FOR AN ACCOUNT HOLDER WITH MARYLAND TAXABLE INCOME OF  
28 AT LEAST \$50,000 BUT LESS THAN \$87,500 FOR AN INDIVIDUAL OR AT LEAST  
29 ~~\$100,000~~ \$75,000 BUT LESS THAN ~~\$175,000~~ \$125,000 FOR A MARRIED COUPLE  
30 FILING A JOINT RETURN WHO MAKES AN ANNUAL CONTRIBUTION OF AT LEAST \$100  
31 PER BENEFICIARY, THE STATE SHALL PROVIDE AN ADDITIONAL \$250 PER  
32 BENEFICIARY.

1           **(3) FOR AN ACCOUNT HOLDER WITH MARYLAND TAXABLE INCOME OF**  
2 **AT LEAST \$87,500 BUT ~~LESS NO GREATER~~ THAN \$112,500 FOR AN INDIVIDUAL OR AT**  
3 **LEAST ~~\$175,000~~ \$125,000 BUT ~~LESS NO GREATER~~ THAN ~~\$225,000~~ \$175,000 FOR A**  
4 **MARRIED COUPLE FILING A JOINT RETURN WHO MAKES AN ANNUAL CONTRIBUTION**  
5 **OF AT LEAST \$250 PER BENEFICIARY, THE STATE SHALL PROVIDE AN ADDITIONAL**  
6 **\$250 PER BENEFICIARY.**

7           **(D) (1) THE GOVERNOR SHALL APPROPRIATE IN THE BUDGET BILL AT**  
8 **LEAST THE FOLLOWING AMOUNTS FOR STATE CONTRIBUTIONS:**

9                   **(I) \$5,000,000 IN FISCAL YEAR 2018;**

10                   **(II) \$7,000,000 IN FISCAL YEAR 2019; AND**

11                   **(III) \$10,000,000 IN FISCAL YEAR 2020 AND EACH FISCAL YEAR**  
12 **THEREAFTER.**

13           **(2) IF THE FUNDING PROVIDED IN A FISCAL YEAR IS NOT SUFFICIENT**  
14 **TO FULLY FUND ALL STATE CONTRIBUTIONS AUTHORIZED UNDER THIS SECTION,**  
15 **THE BOARD SHALL:**

16                   **(I) PROVIDE CONTRIBUTIONS IN THE ORDER IN WHICH**  
17 **APPLICATIONS ARE RECEIVED; AND**

18                   **(II) GIVE PRIORITY TO APPLICATIONS OF ACCOUNT HOLDERS**  
19 **WHO DID NOT RECEIVE A CONTRIBUTION IN ANY PRIOR YEAR.**

20           **(E) (1) AN ACCOUNT HOLDER WHO HAS BEEN APPROVED TO RECEIVE A**  
21 **STATE CONTRIBUTION SHALL MAKE A CONTRIBUTION BETWEEN JULY 1 AND**  
22 **NOVEMBER 1 OF EACH YEAR IN ORDER TO QUALIFY FOR THE STATE CONTRIBUTION.**

23                   **(2) A STATE CONTRIBUTION SHALL BE MADE ~~IN~~ BY DECEMBER 31 OF**  
24 **THE CALENDAR YEAR FOLLOWING THE CONTRIBUTION OF THE ACCOUNT HOLDER**  
25 **IN WHICH THE ACCOUNT HOLDER MADE THE CONTRIBUTION.**

26           **(F) AN ACCOUNT HOLDER IS NOT ELIGIBLE FOR THE SUBTRACTION**  
27 **MODIFICATION UNDER § 10-208 OF THE TAX – GENERAL – ARTICLE FOR ANY**  
28 **TAXABLE YEAR IN WHICH THE ACCOUNT HOLDER RECEIVES A STATE**  
29 **CONTRIBUTION.**

30           **(G) THE BOARD SHALL DEVELOP AND IMPLEMENT BY SEPTEMBER 1, 2016,**  
31 **AN OUTREACH AND MARKETING PLAN TO PROVIDE NOTIFICATION TO INDIVIDUALS**  
32 **ABOUT THE AVAILABILITY OF A STATE CONTRIBUTION.**

1 18-19A-05.

2 (a) (1) The debts, contracts, and obligations of the Plan are not the contracts,  
3 debts, or obligations of the State and neither the faith and credit nor taxing power of the  
4 State is pledged directly or indirectly or contingently, morally or otherwise, to the payment  
5 of the debts, contracts, and obligations.

6 (2) The Board cannot directly or indirectly or contingently obligate, morally  
7 or otherwise, the State to levy or pledge any form of taxation whatsoever for the debts and  
8 obligations of the Plan or to make any appropriation for the payment of the debts and  
9 obligations of the Plan.

10 (b) Neither the State nor any eligible educational institution shall be liable for  
11 any losses or shortage of funds in the event that the account holder's investment account  
12 balance is insufficient to meet the tuition requirements of an institution attended by the  
13 qualified designated beneficiary.

14 (c) Moneys of the Plan may not be considered moneys of the State or deposited in  
15 the State Treasury.

16 (d) Moneys of the Plan may not be considered moneys of or commingled with the  
17 Maryland Prepaid College Trust.

18 (e) Moneys of the Plan may not be considered moneys of or commingled with the  
19 Maryland Broker-Dealer College Investment Plan.

20 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
21 as follows:

22 **Article – Education**

23 **18-114.**

24 **THE COMMISSION AND THE DEPARTMENT SHALL WORK COLLABORATIVELY TO**  
25 **DEVELOP AN APPLICATION FOR USE ON DIGITAL DEVICES THAT PROVIDES:**

26 **(1) INFORMATION ABOUT STATE FINANCIAL AID PROGRAMS;**

27 **(2) CALENDAR NOTIFICATIONS FOR DATES AND DEADLINES**  
28 **ASSOCIATED WITH APPLYING FOR FINANCIAL AID; AND**

29 **(3) ANY OTHER INFORMATION THE COMMISSION AND THE**  
30 **DEPARTMENT DETERMINE TO BE NECESSARY OR HELPFUL TO PARENTS AND**  
31 **STUDENTS REGARDING FINANCIAL AID IN THE STATE.**

32 **Article – Tax – General**

1 10-207.

2 (a) To the extent included in federal adjusted gross income, the amounts under  
3 this section are subtracted from the federal adjusted gross income of a resident to determine  
4 Maryland adjusted gross income.

5 **(CC) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES**  
6 **AN AMOUNT CONTRIBUTED BY THE STATE INTO AN INVESTMENT ACCOUNT UNDER §**  
7 **18-19A-04.1 OF THE EDUCATION ARTICLE.**

8 10-208.

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

12 (o) (1) (i) In this subsection the following words have the meanings  
13 indicated.

14 (ii) “Account holder” means an account holder as defined in §  
15 18-19A-01 or § 18-19B-01 of the Education Article.

16 (iii) “Investment account” means an investment account as defined  
17 in § 18-19A-01 or § 18-19B-01 of the Education Article.

18 (iv) “Qualified designated beneficiary” means a qualified designated  
19 beneficiary as defined in § 18-19A-01 or § 18-19B-01 of the Education Article.

20 (2) (I) [Subject] **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**  
21 **THIS PARAGRAPH AND SUBJECT** to the limitation under paragraph (3) of this subsection,  
22 the subtraction under subsection (a) of this section includes the amount contributed by an  
23 account holder during the taxable year to an investment account.

24 (II) **THE SUBTRACTION UNDER SUBPARAGRAPH (I) OF THIS**  
25 **PARAGRAPH MAY NOT BE TAKEN IF THE ACCOUNT HOLDER RECEIVED A STATE**  
26 **CONTRIBUTION UNDER § 18-19A-04.1 OF THE EDUCATION ARTICLE DURING THE**  
27 **TAXABLE YEAR.**

28 (3) (i) Subject to paragraph (4) of this subsection, for each account  
29 holder for all investment accounts maintained in the Maryland College Investment Plan  
30 and the Maryland Broker-Dealer College Investment Plan for the same qualified  
31 designated beneficiary, the subtraction under paragraph (2) of this subsection may not  
32 exceed \$2,500 for any taxable year per qualified designated beneficiary.

1 (ii) For purposes of the limitation under this paragraph, each spouse  
2 on a joint return shall be treated separately.

3 (4) Subject to the \$2,500 annual limitation for each account holder for each  
4 qualified designated beneficiary, the amount disallowed as a subtraction under this  
5 subsection for any taxable year as a result of the limitation under paragraph (3) of this  
6 subsection may be carried over until used to the next 10 succeeding taxable years as a  
7 subtraction.

8 **10-737.**

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

11 (2) "COMMISSION" MEANS THE MARYLAND HIGHER EDUCATION  
12 COMMISSION.

13 (3) "QUALIFIED TAXPAYER" MEANS AN INDIVIDUAL WHO HAS:

14 (I) INCURRED AT LEAST \$20,000 IN UNDERGRADUATE  
15 STUDENT LOAN DEBT; AND

16 (II) HAS AT LEAST \$5,000 IN OUTSTANDING UNDERGRADUATE  
17 STUDENT LOAN DEBT WHEN SUBMITTING AN APPLICATION UNDER SUBSECTION (C)  
18 OF THIS SECTION.

19 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A QUALIFIED  
20 TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR THE  
21 TAXABLE YEAR IN WHICH THE COMMISSION CERTIFIES A TAX CREDIT UNDER THIS  
22 SECTION.

23 (C) (1) (I) BY SEPTEMBER 15 OF EACH YEAR, AN INDIVIDUAL SHALL  
24 SUBMIT AN APPLICATION TO THE COMMISSION FOR THE CREDIT ALLOWED UNDER  
25 THIS SECTION.

26 (II) THE INDIVIDUAL SHALL SUBMIT WITH THE APPLICATION AN  
27 ASSURANCE THAT THE INDIVIDUAL WILL USE ANY CREDIT APPROVED UNDER THIS  
28 SECTION FOR THE REPAYMENT OF THE INDIVIDUAL'S UNDERGRADUATE STUDENT  
29 LOAN DEBT AS SOON AS PRACTICABLE.

30 (III) 1. THE TOTAL AMOUNT OF THE CREDIT CLAIMED UNDER  
31 THIS SECTION SHALL BE RECAPTURED IF THE INDIVIDUAL DOES NOT USE THE  
32 CREDIT APPROVED UNDER THIS SECTION FOR THE REPAYMENT OF THE

1 INDIVIDUAL'S UNDERGRADUATE STUDENT LOAN DEBT WITHIN 2 YEARS FROM THE  
2 CLOSE OF THE TAXABLE YEAR FOR WHICH THE CREDIT IS CLAIMED.

3           **2. THE INDIVIDUAL WHO CLAIMED THE CREDIT SHALL**  
4 **PAY THE TOTAL AMOUNT OF THE CREDIT CLAIMED AS TAXES PAYABLE TO THE STATE**  
5 **FOR THE TAXABLE YEAR IN WHICH THE EVENT REQUIRING RECAPTURE OF THE**  
6 **CREDIT OCCURS.**

7           **(2) BY DECEMBER 15 OF EACH YEAR THE COMMISSION SHALL**  
8 **CERTIFY TO THE INDIVIDUAL THE AMOUNT OF ANY TAX CREDIT APPROVED BY THE**  
9 **COMMISSION UNDER THIS SECTION, NOT TO EXCEED \$5,000.**

10           **(3) FOR ANY TAXABLE YEAR, THE TOTAL AMOUNT OF CREDITS**  
11 **APPROVED BY THE COMMISSION UNDER THIS SECTION MAY NOT EXCEED**  
12 **\$5,000,000.**

13           **(4) TO CLAIM THE TAX CREDIT ALLOWED UNDER THIS SECTION, AN**  
14 **INDIVIDUAL SHALL ATTACH A COPY OF THE COMMISSION'S CERTIFICATION OF THE**  
15 **APPROVED CREDIT AMOUNT TO THE INCOME TAX RETURN.**

16           **(D) THE COMMISSION SHALL PRIORITIZE TAX CREDIT RECIPIENTS AND**  
17 **AMOUNTS BASED ON QUALIFIED TAXPAYERS WHO:**

18           **(1) HAVE HIGHER DEBT BURDEN TO INCOME RATIOS;**

19           **(2) GRADUATED FROM AN INSTITUTION OF HIGHER EDUCATION**  
20 **LOCATED IN THE STATE;**

21           **(3) DID NOT RECEIVE A TAX CREDIT IN A PRIOR YEAR; OR**

22           **(4) WERE ELIGIBLE FOR IN-STATE TUITION.**

23           **(E) IF THE TAX CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE**  
24 **YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE QUALIFIED TAXPAYER**  
25 **FOR THAT TAXABLE YEAR, THE QUALIFIED TAXPAYER MAY CLAIM A REFUND IN THE**  
26 **AMOUNT OF THE EXCESS.**

27           **(F) THE COMMISSION SHALL ESTABLISH AND IMPLEMENT BY SEPTEMBER**  
28 **1, 2016, AN OUTREACH AND MARKETING PLAN TO MAKE ELIGIBLE TAXPAYERS**  
29 **AWARE OF THE AVAILABILITY OF THE TAX CREDIT PROVIDED UNDER THIS SECTION.**

30           **(G) THE COMMISSION SHALL ADOPT REGULATIONS TO CARRY OUT THE**  
31 **PROVISIONS OF THIS SECTION.**

1 (H) THE TAX CREDIT UNDER THIS SECTION SHALL BE REFERRED TO AS THE  
2 STUDENT LOAN DEBT RELIEF TAX CREDIT.

3 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
4 as follows:

5 Article – Education

6 ~~18-114.~~

7 ~~THE COMMISSION AND THE DEPARTMENT SHALL WORK COLLABORATIVELY~~  
8 ~~TO DEVELOP AN APPLICATION FOR USE ON DIGITAL DEVICES THAT PROVIDES:~~

9 ~~(1) INFORMATION ABOUT STATE FINANCIAL AID PROGRAMS;~~

10 ~~(2) CALENDAR NOTIFICATIONS FOR DATES AND DEADLINES~~  
11 ~~ASSOCIATED WITH APPLYING FOR FINANCIAL AID; AND~~

12 ~~(3) ANY OTHER INFORMATION THE COMMISSION AND THE~~  
13 ~~DEPARTMENT DETERMINE TO BE NECESSARY OR HELPFUL TO PARENTS AND~~  
14 ~~STUDENTS REGARDING FINANCIAL AID IN THE STATE.~~

15 18-301.

16 (a) There is a Delegate Howard P. Rawlings Program of Educational Excellence  
17 Awards in this State that are awarded under this subtitle.

18 (b) The Program shall consist of the following types of awards:

19 (1) Guaranteed Access Grants that are awarded to the neediest students  
20 to ensure that 100 percent of educational costs, as defined by regulations adopted by the  
21 Commission, are paid; and

22 (2) Educational Assistance Grants that are awarded to low and moderate  
23 income students to assist in paying educational costs, as defined by regulations adopted by  
24 the Commission.

25 18-302.

26 The Office of Student Financial Assistance shall publicize the availability of Delegate  
27 Howard P. Rawlings Educational Excellence Awards.

28 18-303.

29 (a) Subject to subsection (d) of this section, each recipient of a Delegate Howard  
30 P. Rawlings Educational Excellence Award shall:



1 (1) Be accepted for admission in the regular undergraduate program at an  
2 eligible institution or be enrolled in a 2-year associate degree program in which the course  
3 work is acceptable for transfer credit for an accredited baccalaureate program in an eligible  
4 institution;

5 (2) Be a resident of this State;

6 (3) Demonstrate to the Office a definite financial need; and

7 (4) Accept any other conditions attached to the award.

8 (b) Each recipient of a Guaranteed Access Grant shall:

9 (1) Have attained a grade point average of at least 2.5 on a 4.0 scale or its  
10 equivalent at the end of the first semester of the senior year in high school and have  
11 completed high school or, failing to do so, on the recommendation of the recipient's high  
12 school principal, provide evidence satisfactory to the Office of extenuating circumstances;

13 (2) Begin college within 1 year of completing high school or, failing to do  
14 so, provide evidence satisfactory to the Office of extenuating circumstances;

15 (3) Be under the age of 22 years at the time of receiving the first award;

16 (4) Have successfully completed a college preparatory program in high  
17 school;

18 (5) Enroll in ~~AT LEAST 30 SEMESTER HOURS IN AN ACADEMIC YEAR,~~  
19 ~~INCLUDING THE SUMMER SEMESTER, IN~~ college [as a full-time student];

20 (6) Subject to subsection (c) of this section, have an annual family income  
21 below a poverty index determined by the Commission; and

22 (7) Satisfy any additional criteria the Commission may establish.

23 18-304.

24 (A) **IN THIS SECTION, "ACADEMIC YEAR" MEANS:**

25 (1) **THE FALL, SPRING, AND SUMMER SEMESTERS; AND**

26 (2) **ANY SEMESTER SHORTER IN LENGTH THAN THE TERM OF A**  
27 **REGULAR SEMESTER.**

~~(B)~~ (1) Except as provided in § 18–307 of this subtitle, the Office shall determine the amount of each Delegate Howard P. Rawlings Educational Excellence Award based on the financial need of the applicant.

(2) In determining the amount of financial need, the Office shall consider regional cost-of-living differences.

(3) In determining the percent of financial need used to calculate an award for a community college student receiving a Delegate Howard P. Rawlings Educational Excellence Award, the Commission shall use the following percentages:

(i) For fiscal year 2007, not less than 55%; and

(ii) For fiscal year 2008 and each fiscal year thereafter, not less than 60%.

~~(C)~~ (1) Except as provided in [paragraph (2)] PARAGRAPHS (2) AND (3) of this subsection, a Delegate Howard P. Rawlings Educational Excellence Award may be awarded in \$100 increments [and the award for a single year may not be less than \$400 or more than \$3,000].

(2) (I) THE AMOUNT OF AN EDUCATIONAL ASSISTANCE GRANT MADE TO A STUDENT IN THE STUDENT'S FIRST 2 SEMESTERS ACADEMIC YEARS OF ENROLLMENT MAY NOT BE LESS THAN \$400 OR MORE THAN \$3,000.

(II) BEGINNING IN THE THIRD SEMESTER ACADEMIC YEAR OF ENROLLMENT AND FOR EACH SEMESTER ACADEMIC YEAR THEREAFTER:

1. IF THE STUDENT SUCCESSFULLY COMPLETED AT LEAST ~~15~~ 30 CREDITS IN THE PRIOR SEMESTER ACADEMIC YEAR, THE AMOUNT OF AN EDUCATIONAL ASSISTANCE GRANT MADE TO A STUDENT MAY NOT BE LESS THAN \$400 OR MORE THAN \$3,000; OR

2. IF THE STUDENT SUCCESSFULLY COMPLETED AT LEAST ~~12~~ 24 BUT LESS THAN ~~15~~ 30 CREDITS IN THE PRIOR SEMESTER ACADEMIC YEAR, THE AWARD AMOUNT SHALL BE EQUAL TO THE AMOUNT THE STUDENT WOULD HAVE OTHERWISE RECEIVED MULTIPLIED BY THE RATIO OF THE NUMBER OF CREDITS SUCCESSFULLY COMPLETED DIVIDED BY ~~15~~ 30.

[(2)] (3) (i) All applicants who fulfill the requirements established in § 18–303(a) and (b) of this subtitle shall receive a Guaranteed Access Grant.

(ii) The amount of a Guaranteed Access Grant MADE TO A STUDENT IN THE STUDENT'S FIRST 2 SEMESTERS ACADEMIC YEARS OF ENROLLMENT shall be equal to 100 percent of the student's financial need as determined by the Office.

1 not to exceed the equivalent annual expenses of a full-time resident undergraduate at the  
 2 4-year public institution of higher education within the University System of Maryland,  
 3 other than the University of Maryland University College and University of Maryland,  
 4 Baltimore, with the highest annual expenses for a full-time resident undergraduate.

5 **(iii) BEGINNING IN THE THIRD ~~SEMESTER~~ ACADEMIC YEAR OF**  
 6 **ENROLLMENT AND FOR EACH ~~SEMESTER~~ ACADEMIC YEAR THEREAFTER:**

7 **1. IF THE STUDENT SUCCESSFULLY COMPLETED AT**  
 8 **LEAST ~~15~~ 30 CREDITS IN THE PRIOR ~~SEMESTER~~ ACADEMIC YEAR, THE AWARD**  
 9 **AMOUNT SHALL BE EQUAL TO 100 PERCENT OF THE STUDENT'S FINANCIAL NEED AS**  
 10 **DETERMINED BY THE OFFICE, NOT TO EXCEED THE EQUIVALENT ANNUAL EXPENSES**  
 11 **OF A FULL-TIME RESIDENT UNDERGRADUATE AT THE 4-YEAR PUBLIC INSTITUTION**  
 12 **OF HIGHER EDUCATION WITHIN THE UNIVERSITY SYSTEM OF MARYLAND, OTHER**  
 13 **THAN THE UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE AND UNIVERSITY OF**  
 14 **MARYLAND, BALTIMORE, WITH THE HIGHEST ANNUAL EXPENSES FOR A FULL-TIME**  
 15 **RESIDENT UNDERGRADUATE; OR**

16 **2. IF THE STUDENT SUCCESSFULLY COMPLETED AT**  
 17 **LEAST ~~12~~ 24 BUT LESS THAN ~~15~~ 30 CREDITS IN THE PRIOR ~~SEMESTER~~ ACADEMIC**  
 18 **YEAR, THE AWARD AMOUNT SHALL BE EQUAL TO 100 PERCENT MULTIPLIED BY THE**  
 19 **RATIO OF THE NUMBER OF CREDITS SUCCESSFULLY COMPLETED DIVIDED BY ~~15~~ 30.**

20 18-306.

21 (a) Subject to the provisions of subsection [(d)] (C) of this section, each recipient  
 22 of a Delegate Howard P. Rawlings Educational Excellence Award may hold the award for  
 23 [5] 4 years if the recipient:

24 (1) Continues to be a resident of this State;

25 (2) Continues to be ~~¶a full-time student¶~~ ~~ENROLLED IN AT LEAST 30~~  
 26 ~~SEMESTER HOURS IN AN ACADEMIC YEAR, INCLUDING THE SUMMER SEMESTER,~~ at  
 27 an eligible institution ~~¶and takes at least 12 semester hours of courses each semester,¶~~ or  
 28 its equivalent as determined by the Office;

29 (3) In the judgment of the institution, is making satisfactory progress  
 30 toward a degree; and

31 (4) Maintains the standards of the institution.

32 (b) Each recipient of a Delegate Howard P. Rawlings Educational Excellence  
 33 Award who is enrolled in an associate degree program as permitted in § 18-303(a)(1) of this  
 34 subtitle may hold the award for [3] 2 years if the same conditions of subsection (a) of this  
 35 section are met.

1 (c) Each recipient of a Delegate Howard P. Rawlings Educational Excellence  
 2 Award may hold the award for a 5th year if the recipient **CONTINUES TO SATISFY THE**  
 3 **REQUIREMENTS UNDER SUBSECTION (A) OF THIS SECTION AND:**

4 (1) Is enrolled in an academic program that, as determined by the  
 5 institution, requires 5 years to complete; or

6 (2) Provides evidence, satisfactory to the Office, of extenuating financial,  
 7 academic, or other circumstances that prevent the recipient from completing the academic  
 8 program in 4 years.

9 [(d) In addition to the requirements for renewal of a Delegate Howard P. Rawlings  
 10 Educational Excellence Award under subsections (a), (b), and (c) of this section, a recipient  
 11 of a Guaranteed Access Grant shall hold the grant for not more than 5 consecutive years  
 12 or, failing to do so, provide evidence satisfactory to the Office of extenuating circumstances.]

13 **(D) EACH RECIPIENT OF A DELEGATE HOWARD P. RAWLINGS**  
 14 **EDUCATIONAL EXCELLENCE AWARD WHO IS ENROLLED IN AN ASSOCIATE DEGREE**  
 15 **PROGRAM AS PERMITTED IN § 18-303(A)(1) OF THIS SUBTITLE MAY HOLD THE**  
 16 **AWARD FOR A 3RD YEAR IF THE RECIPIENT:**

17 **(1) CONTINUES TO SATISFY THE REQUIREMENTS UNDER**  
 18 **SUBSECTION (A) OF THIS SECTION; AND**

19 **(2) PROVIDES EVIDENCE, SATISFACTORY TO THE OFFICE, OF**  
 20 **EXTENUATING FINANCIAL, ACADEMIC, OR OTHER CIRCUMSTANCES THAT PREVENT**  
 21 **THE RECIPIENT FROM COMPLETING THE ACADEMIC PROGRAM IN 2 YEARS.**

22 SECTION 4. AND BE IT FURTHER ENACTED, That, on or before December 1,  
 23 2017, the College Savings Plans of Maryland Board shall report to the General Assembly,  
 24 in accordance with § 2-1246 of the State Government Article, on:

25 (1) whether the State contribution program established under this Act  
 26 increases the number of low-income individuals that establish an investment account; and

27 (2) actions taken by the College Savings Plans of Maryland to provide  
 28 outreach and marketing to low-income individuals regarding the Prepaid College Trust  
 29 and the Investment Plan.

30 SECTION 5. AND BE IT FURTHER ENACTED, That:

31 (a) The Maryland Higher Education Commission, in consultation with the  
 32 Department of Legislative Services, shall retain a consultant to conduct an independent  
 33 evaluation of the effectiveness of the operation of the Office of Student Financial Assistance  
 34 in the Maryland Higher Education Commission;

1 (b) In addition to the evaluation required under subsection (a) of this section, the  
2 consultant shall make recommendations on how to implement Section 3 of this Act and how  
3 to overcome any impediments the Office of Student Financial Assistance may encounter in  
4 implementing Section 3 of this Act; and

5 (c) On or before October 1, 2017, the Maryland Higher Education Commission  
6 and the Department of Legislative Services shall report the findings and recommendations  
7 required under subsections (a) and (b) of this section to the Governor and, in accordance  
8 with § 2-1246 of the State Government Article, the Senate Budget and Taxation  
9 Committee, the Senate Education, Health, and Environmental Affairs Committee, the  
10 House Committee on Ways and Means, and the House Appropriations Committee.

11 SECTION ~~5~~ 6. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 July 1, 2016. Section 2 of this Act shall be applicable to all taxable years beginning after  
13 December 31, ~~2015~~ 2016. Section 3 of this Act shall apply beginning in the ~~2017-2018~~  
14 2018-2019 academic year.

Approved:

\_\_\_\_\_  
Governor.

\_\_\_\_\_  
Speaker of the House of Delegates.

\_\_\_\_\_  
President of the Senate.