

SENATE BILL 933

F5

(8lr2946)

ENROLLED BILL

— Budget and Taxation / Appropriations —

Introduced by ~~Senator Kasemeyer~~ Senators Kasemeyer, Currie, DeGrange, Eckardt, Edwards, Ferguson, Guzzone, King, Madaleno, Manno, McFadden, Peters, and Serafini

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.

President.

CHAPTER _____

1 AN ACT concerning

2 ~~Maryland College Investment Plan – State Match Requirement~~
3 College Affordability – Maryland 529 Plans and Student Loan Debt Relief Tax
4 Credit – Revisions

5 FOR the purpose of requiring the Maryland 529 Board to develop an application form for a
6 certain State contribution program that includes certain information; altering the
7 ~~date by which~~ time period during which a certain contribution must be made to
8 receive a certain State matching contribution; altering a certain State contribution
9 amount; altering a certain appropriation for certain fiscal years; altering the date by
10 which the Board is required to develop and implement a certain outreach and
11 marketing plan; requiring the outreach and marketing plan to include certain
12 elements; requiring the Board to submit a certain report to the General Assembly by
13 a certain date; making conforming changes; altering the total amount of a certain

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 credit; altering the name of the Maryland College Investment Plan and Prepaid
 2 College Trust; requiring certain plans to be referred to by a certain name; providing
 3 for the application of this Act; requiring a certain State contribution to be made by a
 4 certain date for certain account holders; requiring the publisher of the Annotated
 5 Code of Maryland, in consultation with and subject to the approval of the Department
 6 of Legislative Services, to correct cross-references and terminology in the Code
 7 rendered incorrect by this Act and to describe any corrections made in an editor's note
 8 following the sections affected; and generally relating to the Maryland College
 9 Investment Plan college affordability.

10 BY repealing and reenacting, without amendments,

11 Article – Education

12 Section 18-1901(a), 18-1904(a), and 18-19A-01(a)

13 Annotated Code of Maryland

14 (2018 Replacement Volume)

15 BY adding to

16 Article – Education

17 Section 18-1909(i) and 18-19A-03(f)

18 Annotated Code of Maryland

19 (2018 Replacement Volume)

20 BY repealing and reenacting, with amendments,

21 Article – Education

22 Section ~~18-19A-04.1~~ 18-1901(j) and (p), 18-1902.1, 18-1903(a), (g), and (i),

23 18-1904(b), 18-19A-01(f), 18-19A-02(a), 18-19A-04.1, 18-19A-05(d),

24 18-19A-06, 18-19B-05(d) and (e), and 18-19C-05(d) and (e)

25 Annotated Code of Maryland

26 (2014 Replacement Volume and 2017 Supplement)

27 BY repealing and reenacting, without amendments,

28 Article – Tax – General

29 Section 10-740(b) and (h)

30 Annotated Code of Maryland

31 (2016 Replacement Volume and 2017 Supplement)

32 BY repealing and reenacting, with amendments,

33 Article – Tax – General

34 Section 10-740(c)(3)

35 Annotated Code of Maryland

36 (2016 Replacement Volume and 2017 Supplement)

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

39 **Article – Education**

1 18-1901.

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

3 (j) “Plan” means the Maryland SENATOR EDWARD J. KASEMEYER College
4 Investment Plan established under Subtitle 19A of this title.

5 (p) “Trust” means the Maryland SENATOR EDWARD J. KASEMEYER Prepaid
6 College Trust established under this subtitle.

7 18-1902.1.

8 (a) There is a Program entitled Maryland 529.

9 (b) The purpose of the Program is to provide for the administration by the Board
10 of the Maryland SENATOR EDWARD J. KASEMEYER Prepaid College Trust, the Maryland
11 SENATOR EDWARD J. KASEMEYER College Investment Plan, the Maryland
12 Broker-Dealer College Investment Plan, and the Maryland ABLE Program.

13 18-1903.

14 (a) There is a Maryland SENATOR EDWARD J. KASEMEYER Prepaid College
15 Trust.

16 (g) Money of the Trust may not be considered money of the Maryland SENATOR
17 EDWARD J. KASEMEYER College Investment Plan and may not be commingled with the
18 Plan.

19 (i) Neither the State nor any eligible institution of higher education shall be liable
20 for any losses or shortage of funds in the event that the Maryland SENATOR EDWARD J.
21 KASEMEYER Prepaid College Trust is insufficient to meet the tuition requirements of an
22 institution attended by the qualified beneficiary.

23 18-1904.

24 (a) There is a Maryland 529 Board.

25 (b) The Board shall administer:

26 (1) The Maryland SENATOR EDWARD J. KASEMEYER Prepaid College
27 Trust established under this subtitle;

28 (2) The Maryland SENATOR EDWARD J. KASEMEYER College Investment
29 Plan established under Subtitle 19A of this title;

1 (3) The Maryland Broker-Dealer College Investment Plan established
2 under Subtitle 19B of this title; and

3 (4) The Maryland ABLE Program established under Subtitle 19C of this
4 title.

5 18-1909.

6 **(I) THE MARYLAND PREPAID CONTRACT PLAN SHALL BE REFERRED TO AS**
7 **THE SENATOR EDWARD J. KASEMEYER PREPAID CONTRACT PLAN.**

8 18-19A-01.

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

10 (f) “Plan” means the Maryland SENATOR EDWARD J. KASEMEYER College
11 Investment Plan established under this subtitle.

12 18-19A-02.

13 (a) There is a Maryland SENATOR EDWARD J. KASEMEYER College Investment
14 Plan.

15 18-19A-03.

16 **(F) THE MARYLAND COLLEGE INVESTMENT PLAN SHALL BE REFERRED TO**
17 **AS THE SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN.**

18 18-19A-04.1.

19 (a) For investment accounts established after December 31, 2016, a State
20 contribution may be made to an investment account as provided in this section if:

21 (1) The qualified beneficiary of the investment account is a Maryland
22 resident;

23 (2) The account holder submits an application to the Board or its designee
24 between January 1 and June 1 of each year; and

25 (3) The account holder has Maryland taxable income **IN THE PREVIOUS**
26 **TAXABLE YEAR** no greater than \$112,500 for an individual or \$175,000 for a married
27 couple filing a joint return [in the previous taxable year].

28 (b) (1) An application may be made in person, online, or by mail.

29 (2) The Board shall **DEVELOP:**

1 (i) [Establish a list of documentation that must be submitted with
2 the application, including documents that establish Maryland taxable income and
3 Maryland residency] **AN APPLICATION FORM THAT:**

4 **1. INCLUDES PERMISSION FOR CONFIRMING**
5 **MARYLAND TAXABLE INCOME WITH THE COMPTROLLER; AND**

6 **2. ALLOWS FOR CERTIFICATION OF MARYLAND**
7 **RESIDENCY;**

8 (ii) A procedure to certify the date and time of receipt of an
9 application; and

10 (iii) Any other necessary procedures for the submittal of applications.

11 (c) (1) For an account holder with Maryland taxable income of less than
12 \$50,000 for an individual or \$75,000 for a married couple filing a joint return who [makes
13 an annual contribution of] **CONTRIBUTES** at least \$25 per beneficiary **DURING THE**
14 **CONTRIBUTION PERIOD IN SUBSECTION (E) OF THIS SECTION**, the State shall provide
15 an additional ~~\$250~~ **\$500** per beneficiary.

16 (2) For an account holder with Maryland taxable income of at least \$50,000
17 but less than \$87,500 for an individual or at least \$75,000 but less than \$125,000 for a
18 married couple filing a joint return who [makes an annual contribution of] **CONTRIBUTES**
19 at least \$100 per beneficiary **DURING THE CONTRIBUTION PERIOD IN SUBSECTION (E)**
20 **OF THIS SECTION**, the State shall provide an additional ~~\$250~~ **\$500** per beneficiary.

21 (3) For an account holder with Maryland taxable income of at least \$87,500
22 but no greater than \$112,500 for an individual or at least \$125,000 but no greater than
23 \$175,000 for a married couple filing a joint return who [makes an annual contribution of]
24 **CONTRIBUTES** at least \$250 per beneficiary **DURING THE CONTRIBUTION PERIOD IN**
25 **SUBSECTION (E) OF THIS SECTION**, the State shall provide an additional \$250 per
26 beneficiary.

27 (d) (1) The Governor shall appropriate in the budget bill at least the following
28 amounts for State contributions:

29 (i) \$5,000,000 in fiscal year 2018; **AND**

30 (ii) ~~\$7,000,000~~ **\$3,000,000** in fiscal year 2019; ~~and~~

31 (iii) ~~\$10,000,000 in fiscal year 2020~~ and each fiscal year thereafter.

1 (2) If the funding provided in a fiscal year is not sufficient to fully fund all
2 State contributions authorized under this section, the Board shall:

3 (i) Provide contributions in the order in which applications are
4 received; and

5 (ii) Give priority to applications of account holders who did not
6 receive a contribution in any prior year.

7 (e) (1) An account holder [who has been approved to receive a State
8 contribution] shall [make a contribution between July 1 and] **CONTRIBUTE AT LEAST THE**
9 **AMOUNT SPECIFIED UNDER SUBSECTION (C) OF THIS SECTION ON OR BEFORE**
10 November 1 of each year in order to qualify for the State contribution.

11 (2) A State contribution shall be made by December 31 of the calendar year
12 in which the account holder made the contribution.

13 (f) An account holder is not eligible for the subtraction modification under
14 § 10–208 of the Tax – General Article for any taxable year in which the account holder
15 receives a State contribution.

16 (g) **(1)** The Board shall develop and implement by September 1, [2016] **2018**,
17 an outreach and marketing plan to provide notification to individuals about the availability
18 of a State contribution.

19 **(2) THE OUTREACH AND MARKETING PLAN SHALL:**

20 **(I) MAKE USE OF A VARIETY OF MARKETING MEDIA,**
21 **INCLUDING BILLBOARDS, BROCHURES, AND ELECTRONIC RESOURCES; AND**

22 **(II) PROVIDE A CENTRALIZED CONTACT POINT FOR**
23 **INDIVIDUALS TO OBTAIN INFORMATION ABOUT OPENING AN ACCOUNT AND THE**
24 **AVAILABILITY OF A STATE CONTRIBUTION.**

25 **(3) BY DECEMBER 1, 2018, THE BOARD SHALL SUBMIT A REPORT IN**
26 **ACCORDANCE WITH § 2–1246 OF THE STATE GOVERNMENT ARTICLE TO THE**
27 **GENERAL ASSEMBLY ON THE DETAILS OF THE OUTREACH AND MARKETING PLAN.**

28 18–19A–05.

29 *(d) Money of the Plan may not be considered money of or commingled with the*
30 *Maryland **SENATOR EDWARD J. KASEMEYER** Prepaid College Trust.*

31 18–19A–06.

1 The assets and income of the Maryland **SENATOR EDWARD J. KASEMEYER** College
2 Investment Plan are exempt from State and local taxation.

3 18-19B-05.

4 (d) Money of the Broker-Dealer Plan may not be considered money of or
5 commingled with the Maryland **SENATOR EDWARD J. KASEMEYER** Prepaid College
6 Trust.

7 (e) Money of the Broker-Dealer Plan may not be considered money of or
8 commingled with the Maryland **SENATOR EDWARD J. KASEMEYER** College Investment
9 Plan.

10 18-19C-05.

11 (d) Money of the Maryland ABLE Program may not be considered money of or
12 commingled with the Maryland **SENATOR EDWARD J. KASEMEYER** Prepaid College
13 Trust.

14 (e) Money of the Maryland ABLE Program may not be considered money of or
15 commingled with the Maryland **SENATOR EDWARD J. KASEMEYER** College Investment
16 Plan.

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

19 Article – Tax – General

20 10-740.

21 (b) Subject to the limitations of this section, a qualified taxpayer may claim a
22 credit against the State income tax for the taxable year in which the Commission certifies
23 a tax credit under this section.

24 (c) (3) For any taxable year, the total amount of credits approved by the
25 Commission under this section may not exceed **[\$5,000,000] \$9,000,000.**

26 (h) The tax credit under this section shall be referred to as the Student Loan Debt
27 Relief Tax Credit.

28 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That ~~Section 1 of this Act shall~~
29 ~~be construed to apply retroactively and shall be applied to and interpreted to affect~~
30 ~~investment accounts established after December 31, 2016 for an account holder who made~~
31 ~~a contribution to an account in calendar year 2017 but failed to make the contribution in~~
32 ~~accordance with § 18-19A-04.1(e)(1) of the Education Article as enacted by Chapters 689~~

1 and 690 of the Acts of the General Assembly of 2016 and was otherwise eligible for a State
 2 contribution, a State contribution equal to \$250 shall be made by June 30, 2018.

3 SECTION 4. AND BE IT FURTHER ENACTED, That, notwithstanding §
 4 18-19A-04.1(f) of the Education Article, an account holder who receives a State match
 5 under Section 3 of this Act is also eligible for the subtraction modification under § 10-208
 6 of the Tax – General Article for taxable year 2017.

7 SECTION 5. AND BE IT FURTHER ENACTED, That the publisher of the Annotated
 8 Code of Maryland, in consultation with and subject to the approval of the Department of
 9 Legislative Services, shall correct, with no further action required by the General Assembly,
 10 cross-references and terminology rendered incorrect by this Act. The publisher shall
 11 adequately describe any such correction in an editor's note following the section affected.

12 SECTION ~~3~~ ~~5~~ 6. AND BE IT FURTHER ENACTED, That this Act shall take effect
 13 June 1, 2018, and Section 2 of this Act shall be applicable to all taxable years beginning
 14 after December 31, 2017.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.