

# SENATE BILL 933

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8lr2946  
CF HB 1341

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

Introduced and read first time: February 5, 2018  
Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 16, 2018

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## 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  
14 credit; requiring certain plans to be referred to by a certain name; providing for the  
15 application of this Act; and generally relating to ~~the Maryland College Investment~~  
16 ~~Plan~~ college affordability.

17 BY adding to  
18 Article – Education  
19 Section 18–1909(i) and 18–19A–03(f)  
20 Annotated Code of Maryland  
21 (2018 Replacement Volume)

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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.



1 BY repealing and reenacting, with amendments,  
2 Article – Education  
3 Section 18–19A–04.1  
4 Annotated Code of Maryland  
5 (2014 Replacement Volume and 2017 Supplement)

6 BY repealing and reenacting, without amendments,  
7 Article – Tax – General  
8 Section 10–740(b) and (h)  
9 Annotated Code of Maryland  
10 (2016 Replacement Volume and 2017 Supplement)

11 BY repealing and reenacting, with amendments,  
12 Article – Tax – General  
13 Section 10–740(c)(3)  
14 Annotated Code of Maryland  
15 (2016 Replacement Volume and 2017 Supplement)

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

18 **Article – Education**

19 18–1909.

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

22 18–19A–03.

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

25 18–19A–04.1.

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

28 (1) The qualified beneficiary of the investment account is a Maryland  
29 resident;

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

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

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

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

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

9                                     **1.     INCLUDES     PERMISSION     FOR     CONFIRMING**  
10 **MARYLAND TAXABLE INCOME WITH THE COMPTROLLER; AND**

11                                     **2.     ALLOWS     FOR     CERTIFICATION     OF     MARYLAND**  
12 **RESIDENCY;**

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

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

16           (c)     (1)     For an account holder with Maryland taxable income of less than  
17 \$50,000 for an individual or \$75,000 for a married couple filing a joint return who [makes  
18 an annual contribution of] **CONTRIBUTES** at least \$25 per beneficiary **DURING THE**  
19 **CONTRIBUTION PERIOD IN SUBSECTION (E) OF THIS SECTION**, the State shall provide  
20 an additional ~~\$250~~ **\$500** per beneficiary.

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

26                     (3)     For an account holder with Maryland taxable income of at least \$87,500  
27 but no greater than \$112,500 for an individual or at least \$125,000 but no greater than  
28 \$175,000 for a married couple filing a joint return who [makes an annual contribution of]  
29 **CONTRIBUTES** at least \$250 per beneficiary **DURING THE CONTRIBUTION PERIOD IN**  
30 **SUBSECTION (E) OF THIS SECTION**, the State shall provide an additional \$250 per  
31 beneficiary.

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

- 1 (i) \$5,000,000 in fiscal year 2018; AND  
 2 (ii) ~~\$7,000,000~~ \$3,000,000 in fiscal year 2019; ~~and~~  
 3 ~~(iii) \$10,000,000 in fiscal year 2020~~ and each fiscal year thereafter.

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

6 (i) Provide contributions in the order in which applications are  
 7 received; and

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

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

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

16 (f) An account holder is not eligible for the subtraction modification under  
 17 § 10–208 of the Tax – General Article for any taxable year in which the account holder  
 18 receives a State contribution.

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

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

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

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

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

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

Article – Tax – General

10–740.

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

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

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

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be construed to apply retroactively and shall be applied to and interpreted to affect investment accounts established after December 31, 2016.

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

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.