

SENATE BILL 615

F2, F5

0lr2813
CF HB 532

By: **Senators Klausmeier and Zucker**

Introduced and read first time: February 3, 2020

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 5, 2020

CHAPTER _____

1 AN ACT concerning

2 **Maryland Senator Edward J. Kasemeyer College Investment Plan – State**
3 **Contributions – Alterations**

4 FOR the purpose of clarifying that a State contribution to a certain college investment plan
5 may be made to ~~one account~~ a limited number of accounts for each qualified
6 beneficiary; limiting a certain qualified beneficiary from receiving more than ~~one~~
7 ~~State contribution~~ a certain number of State contributions under certain
8 circumstances; authorizing the Maryland 529 Board to adopt certain regulations;
9 requiring the Maryland 529 Board to submit a certain report to the General
10 Assembly on the feasibility of establishing a certain separate plan for K–12 expenses
11 on or before a certain date; and generally relating to State contributions to college
12 investment accounts.

13 BY repealing and reenacting, without amendments,
14 Article – Education
15 Section 18–19A–01(a), (b), (c), (e), and (g) and 18–19A–02(a)
16 Annotated Code of Maryland
17 (2018 Replacement Volume and 2019 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Education
20 Section 18–19A–04.1(a)
21 Annotated Code of Maryland
22 (2018 Replacement Volume and 2019 Supplement)

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 adding to
 2 Article – Education
 3 Section 18–19A–04.1(h)
 4 Annotated Code of Maryland
 5 (2018 Replacement Volume and 2019 Supplement)

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

8 **Article – Education**

9 18–19A–01.

- 10 (a) In this subtitle the following words have the meanings indicated.
- 11 (b) “Account holder” means the person who established an investment account on
 12 behalf of a qualified designated beneficiary.
- 13 (c) “Board” means the Maryland 529 Board established under § 18–1904 of this
 14 title.
- 15 (e) “Investment account” means an account established by an account holder
 16 under this subtitle on behalf of a qualified designated beneficiary for the purpose of
 17 applying distributions toward qualified higher education expenses at eligible educational
 18 institutions.
- 19 (g) “Qualified designated beneficiary” has the meaning stated in § 529(e) of the
 20 Internal Revenue Code.

21 18–19A–02.

- 22 (a) There is a Maryland Senator Edward J. Kasemeyer College Investment Plan.

23 18–19A–04.1.

- 24 (a) **(1) [For] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, FOR**
 25 investment accounts established after December 31, 2016, a State contribution may be
 26 made to [an] ~~ONE~~ **NOT MORE THAN TWO** investment ~~account~~ **ACCOUNTS FOR EACH**
 27 **QUALIFIED BENEFICIARY** as provided in this section if:

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

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

1 [(3)] (III) 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 couple
 3 filing a joint return.

4 (2) FOR STATE CONTRIBUTION APPLICATION PERIODS AFTER
 5 DECEMBER 31, 2020, A QUALIFIED BENEFICIARY MAY NOT RECEIVE MORE THAN
 6 ~~ONE STATE CONTRIBUTION~~ TWO STATE CONTRIBUTIONS FOR EACH YEAR THE
 7 QUALIFIED BENEFICIARY IS ELIGIBLE FOR THE STATE CONTRIBUTION UNDER THIS
 8 SECTION.

9 (H) THE BOARD MAY ADOPT ANY REGULATIONS THAT THE BOARD
 10 CONSIDERS NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SECTION.

11 SECTION 2. AND BE IT FURTHER ENACTED, That:

12 (a) On or before December 1, 2020, the Maryland 529 Board shall submit a report
 13 to the General Assembly, in accordance with § 2-1257 of the State Government Article, on
 14 the feasibility of establishing a separate plan for 529 accounts that are used to pay for
 15 K-12 expenses in accordance with federal tax laws arising from the Tax Cuts and Jobs Act
 16 of 2017.

17 (b) The report in paragraph (a) of this section shall include:

18 (1) a structure for a separate K-12 plan;

19 (2) estimated costs for the plan;

20 (3) the number and types of plans an account holder may open for an
 21 individual beneficiary; and

22 (4) the income tax subtractions and contribution benefits for each type of
 23 plan.

24 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
 25 July 1, 2020.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.