

HOUSE BILL 930

Q3

6lr3439

By: **Delegates Forbes, Allen, Behler, Boyce, Chang, Ebersole, Fair, Feldmark,
Lewis, Moon, Pasteur, Ruth, and Terrasa**

Introduced and read first time: February 5, 2026

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Decoupling From Federal Changes – Education Expenses**

3 FOR the purpose of prohibiting the Governor from electing to participate in a certain tax
4 credit program for certain elementary and secondary education scholarships;
5 providing an addition modification under the Maryland income tax for the amount
6 paid by an employer on behalf of an employee as a contribution to a certain account
7 and the amount of any distribution under certain prepaid contracts or investment
8 accounts that is not used for qualified education expenses; excluding from a
9 subtraction modification certain contributions to and distributions from certain
10 investment plans that are used for certain elementary and secondary education
11 expenses; and generally relating to the effect of amendments to the Internal Revenue
12 Code on the Maryland income tax.

13 BY adding to
14 Article – State Government
15 Section 3–309
16 Annotated Code of Maryland
17 (2021 Replacement Volume and 2025 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – Tax – General
20 Section 10–204(a), 10–205(a), and 10–208(a)
21 Annotated Code of Maryland
22 (2022 Replacement Volume and 2025 Supplement)

23 BY adding to
24 Article – Tax – General
25 Section 10–204(m)
26 Annotated Code of Maryland
27 (2022 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–205(h) and 10–208(o)
Annotated Code of Maryland
(2022 Replacement Volume and 2025 Supplement)

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

Article – State Government

3–309.

**THE GOVERNOR MAY NOT ELECT TO PARTICIPATE IN THE TAX CREDIT
PROGRAM FOR QUALIFIED ELEMENTARY AND SECONDARY EDUCATION
SCHOLARSHIPS ESTABLISHED UNDER § 25F OF THE INTERNAL REVENUE CODE.**

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

Article – Tax – General

10–204.

(a) To the extent excluded from federal adjusted gross income, the amounts under
this section are added to the federal adjusted gross income of a resident to determine
Maryland adjusted gross income.

**(M) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES ANY
AMOUNT PAID BY AN EMPLOYER AS A CONTRIBUTION TO A TRUMP ACCOUNT AND
EXCLUDED FROM THE GROSS INCOME OF AN EMPLOYEE UNDER § 128 OF THE
INTERNAL REVENUE CODE.**

10–205.

(a) In addition to the modification under § 10–204 of this subtitle, the amounts
under this section are added to the federal adjusted gross income of a resident to determine
Maryland adjusted gross income.

(h) (1) (i) In this subsection the following words have the meanings
indicated.

(ii) “Account holder” means an account holder as defined in §
18–1901, § 18–19A–01, or § 18–19B–01 of the Education Article.

(iii) “Qualified beneficiary” has the meaning stated in § 18–1901 of the Education Article.

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

(v) 1. “Qualified higher education expenses” has the meaning stated in § 529 of the Internal Revenue Code.

2. **“QUALIFIED HIGHER EDUCATION EXPENSES” DOES NOT INCLUDE EXPENSES IDENTIFIED UNDER § 529(C)(7) OF THE INTERNAL REVENUE CODE.**

(2) The addition under subsection (a) of this section includes the amount of:

(i) any refund received in the taxable year by an account holder under a prepaid contract in accordance with the Maryland Senator Edward J. Kasemeyer Prepaid College Trust; or

(ii) any distribution received in the taxable year by an account holder under a prepaid contract in accordance with the Maryland Senator Edward J. Kasemeyer Prepaid College Trust or under an investment account in accordance with the Maryland Senator Edward J. Kasemeyer College Investment Plan or the Maryland Broker–Dealer College Investment Plan that is not used on behalf of the qualified beneficiary or qualified designated beneficiary for qualified higher education expenses.

(3) The amount of the addition required under this subsection shall be reduced by any amount included in the individual’s federal adjusted gross income as a result of the refund or distribution.

(4) The cumulative amount of the addition under this subsection for the taxable year and all prior taxable years may not exceed the cumulative amount allowed as a subtraction:

(i) under § 10–208(n) of this subtitle for the taxable year and all prior taxable years for the account holder’s payments to the prepaid contract under which the refund or distribution is received; or

(ii) under § 10–208(o) of this subtitle for the taxable year and all prior taxable years for contributions made by an account holder to an investment account under which the distribution is received.

10–208.

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

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

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

(iii) “Contributor” means an individual who contributes funds to a Maryland Senator Edward J. Kasemeyer College Investment Plan or Broker–Dealer College Investment Plan account under Title 18, Subtitle 19A or Subtitle 19B of the Education Article.

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

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

(2) (i) Except as provided in subparagraph (ii) of this paragraph and subject to the limitation under paragraph (3) of this subsection, the subtraction under subsection (a) of this section includes the amount contributed by an account holder or a contributor during the taxable year to an investment account.

(ii) The subtraction under subparagraph (i) of this paragraph may not be taken if:

1. the account holder received a State contribution under § 18–19A–04.1 of the Education Article during the taxable year; OR

2. THE FUNDS CONTRIBUTED TO A COLLEGE INVESTMENT PLAN ESTABLISHED UNDER § 529 OF THE INTERNAL REVENUE CODE ARE USED FOR ELEMENTARY OR SECONDARY EDUCATION EXPENSES AS DESCRIBED IN § 529(C)(7) OF THE INTERNAL REVENUE CODE.

(3) (i) Subject to paragraph (4) of this subsection, for each account holder or contributor for all investment accounts maintained in the Maryland Senator Edward J. Kasemeyer College Investment Plan and the Maryland Broker–Dealer College Investment Plan for the same qualified designated beneficiary, the subtraction under paragraph (2) of this subsection may not exceed \$2,500 for any taxable year per qualified designated beneficiary.

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

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

6 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
7 1, 2026, and Section 2 of this Act shall be applicable to all taxable years beginning after
8 December 31, 2025.