

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.



1 BY repealing and reenacting, with amendments,
2 Article – Tax – General
3 Section 10–205(h) and 10–208(o)
4 Annotated Code of Maryland
5 (2022 Replacement Volume and 2025 Supplement)

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

8 **Article – State Government**

9 **3–309.**

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

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

15 **Article – Tax – General**

16 10–204.

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

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

24 10–205.

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

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

30 (ii) “Account holder” means an account holder as defined in §
31 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.

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

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

24 (4) The cumulative amount of the addition under this subsection for the
25 taxable year and all prior taxable years may not exceed the cumulative amount allowed as
26 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.

33 10-208.

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

(ii) "Account holder" means an account holder as defined in § 18-19A-01 or § 18-19B-01 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.

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

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

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

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.