

SENATE BILL 213

F2, Q3

7lr1724

By: **Senator Brochin**

Introduced and read first time: January 19, 2017

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland College Investment Plan – State Contribution to Account**
3 **Holders – Alterations**

4 FOR the purpose of altering the amount the State is required to contribute to certain
5 account holders who make certain annual contributions to certain investment
6 accounts in the Maryland College Investment Plan; altering the amount of the
7 appropriation the Governor is required to provide in certain fiscal years to fund
8 certain State contributions; and generally relating to the State contribution to
9 account holders in the Maryland College Investment Plan.

10 BY repealing and reenacting, without amendments,
11 Article – Education
12 Section 18–19A–01
13 Annotated Code of Maryland
14 (2014 Replacement Volume and 2016 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – Education
17 Section 18–19A–04.1
18 Annotated Code of Maryland
19 (2014 Replacement Volume and 2016 Supplement)

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

22 **Article – Education**

23 18–19A–01.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(b) "Account holder" means the person who established an investment account on behalf of a qualified designated beneficiary.

(c) "Board" means the College Savings Plans of Maryland Board established under § 18–1904 of this title.

(d) "Eligible educational institution" has the meaning stated in § 529(e) of the Internal Revenue Code.

(e) "Investment account" means an account established by an account holder under this subtitle on behalf of a qualified designated beneficiary for the purpose of applying distributions toward qualified higher education expenses at eligible educational institutions.

(f) "Plan" means the Maryland College Investment Plan established under this subtitle.

(g) "Qualified designated beneficiary" has the meaning stated in § 529(e) of the Internal Revenue Code.

(h) "Qualified higher education expenses" has the meaning stated in § 529(e) of the Internal Revenue Code.

(i) "Qualified state tuition program" has the meaning stated in § 529 of the Internal Revenue Code.

18–19A–04.1.

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

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

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

(3) The account holder has Maryland taxable income no greater than \$112,500 for an individual or \$175,000 for a married couple filing a joint return in the previous taxable year.

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

(2) The Board shall:

(i) Establish a list of documentation that must be submitted with the application, including documents that establish Maryland taxable income and Maryland residency;

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

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

(c) (1) For an account holder with Maryland taxable income of less than \$50,000 for an individual or \$75,000 for a married couple filing a joint return who makes an annual contribution of at least \$25 per beneficiary, the State shall provide an additional **[\$250] \$2,000** per beneficiary.

(2) For an account holder with Maryland taxable income of at least \$50,000 but less than \$87,500 for an individual or at least \$75,000 but less than \$125,000 for a married couple filing a joint return who makes an annual contribution of at least \$100 per beneficiary, the State shall provide an additional **[\$250] \$2,000** per beneficiary.

(3) For an account holder with Maryland taxable income of at least \$87,500 but no greater than \$112,500 for an individual or at least \$125,000 but no greater than \$175,000 for a married couple filing a joint return who makes an annual contribution of at least \$250 per beneficiary, the State shall provide an additional **[\$250] \$2,000** per beneficiary.

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

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

(ii) **[\$7,000,000] \$14,000,000** in fiscal year 2019; and

(iii) **[\$10,000,000] \$20,000,000** in fiscal year 2020 and each fiscal year thereafter.

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

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

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

(e) (1) An account holder who has been approved to receive a State contribution shall make a contribution between July 1 and November 1 of each year in order to qualify for the State contribution.

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

3 (f) An account holder is not eligible for the subtraction modification under §
4 10–208 of the Tax – General Article for any taxable year in which the account holder
5 receives a State contribution.

6 (g) The Board shall develop and implement by September 1, 2016, an outreach
7 and marketing plan to provide notification to individuals about the availability of a State
8 contribution.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2017.