

HOUSE BILL 131

Q3

8lr0462

By: **Delegate Korman**

Introduced and read first time: January 15, 2018

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification – College Savings Plan Accounts –**
3 **Contributions**
4 **(College Savings Tax Enhancement Act)**

5 FOR the purpose of altering, under certain circumstances, a certain limitation on the
6 amount of a subtraction modification under the Maryland income tax for
7 contributions made by certain individuals to certain college savings plan accounts;
8 making a conforming change; providing for the application of this Act; and generally
9 relating to a subtraction modification under the Maryland income tax for
10 contributions made to certain college savings plan accounts.

11 BY repealing and reenacting, without amendments,
12 Article – Tax – General
13 Section 10–208(a)
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2017 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Tax – General
18 Section 10–208(o)
19 Annotated Code of Maryland
20 (2016 Replacement Volume and 2017 Supplement)

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

23 **Article – Tax – General**

24 10–208.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

6 (ii) “Account holder” means an account holder as defined in §
7 18–19A–01 or § 18–19B–01 of the Education Article.

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

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

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

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

19 (ii) The subtraction under subparagraph (i) of this paragraph may
20 not be taken if the account holder received a State contribution under § 18–19A–04.1 of the
21 Education Article during the taxable year.

22 (3) (i) Subject to paragraph (4) of this subsection, for each account
23 holder or contributor for all investment accounts maintained in the Maryland College
24 Investment Plan and the Maryland Broker–Dealer College Investment Plan for the same
25 qualified designated beneficiary, the subtraction under paragraph (2) of this subsection:

26 **1. FOR AN ACCOUNT HOLDER OR CONTRIBUTOR WHOSE**
27 **FEDERAL ADJUSTED GROSS INCOME DOES NOT EXCEED \$225,000 OR, IN THE CASE**
28 **OF A MARRIED INDIVIDUAL FILING A SEPARATE RETURN, \$150,000, MAY NOT**
29 **EXCEED \$5,000 FOR ANY TAXABLE YEAR PER QUALIFIED DESIGNATED**
30 **BENEFICIARY; OR**

31 **2. FOR AN ACCOUNT HOLDER OR CONTRIBUTOR WHOSE**
32 **FEDERAL ADJUSTED GROSS INCOME EXCEEDS \$225,000 OR, IN THE CASE OF A**
33 **MARRIED INDIVIDUAL FILING A SEPARATE RETURN, \$150,000, may not exceed \$2,500**
34 **for any taxable year per qualified designated beneficiary.**

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

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

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
9 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.