

# HOUSE BILL 526

Q3, F2

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By: **Delegates Miller, Arentz, Boteler, Buckel, Hornberger, Lisanti, Rose, Shoemaker, and Walker**

Introduced and read first time: January 27, 2020

Assigned to: Appropriations and Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Higher Education – Differential Tuition – Notification and Income Tax**  
3 **Subtraction Modification**

4 FOR the purpose of requiring certain institutions of higher education to post certain  
5 information in a certain manner and to submit a certain report to certain individuals;  
6 allowing a subtraction modification under the Maryland income tax for the portion  
7 of differential tuition paid by an individual during the taxable year for certain  
8 academic programs that is used for student scholarships or other financial aid,  
9 subject to a certain limitation; defining certain terms; providing for the application  
10 of this Act; and generally relating to differential tuition notification and a Maryland  
11 income tax subtraction modification for certain tuition payments.

12 BY adding to

13 Article – Education  
14 Section 15–126  
15 Annotated Code of Maryland  
16 (2018 Replacement Volume and 2019 Supplement)

17 BY repealing and reenacting, without amendments,

18 Article – Tax – General  
19 Section 10–208(a)  
20 Annotated Code of Maryland  
21 (2016 Replacement Volume and 2019 Supplement)

22 BY adding to

23 Article – Tax – General  
24 Section 10–208(y)  
25 Annotated Code of Maryland  
26 (2016 Replacement Volume and 2019 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Education**

4 **15–126.**

5 (A) IN THIS SECTION:

6 (1) “DIFFERENTIAL TUITION” MEANS THE ADDITIONAL TUITION  
7 THAT IS CHARGED BY AN INSTITUTION OF HIGHER EDUCATION FOR PARTICULAR  
8 COURSES THAT IS HIGHER THAN THE TUITION THAT IS CHARGED FOR OTHER  
9 COURSES; AND

10 (2) “DIFFERENTIAL TUITION” DOES NOT INCLUDE FEES.

11 (B) A PUBLIC INSTITUTION OF HIGHER EDUCATION THAT CHARGES  
12 DIFFERENTIAL TUITION SHALL PROMINENTLY POST ON ITS WEBSITE A DISCLOSURE  
13 THAT INCLUDES THE FOLLOWING:

14 (1) THE DIFFERENTIAL TUITION FOR EACH COURSE THAT IS SUBJECT  
15 TO DIFFERENTIAL TUITION;

16 (2) AN ITEMIZATION OF HOW THE PUBLIC INSTITUTION OF HIGHER  
17 EDUCATION SPENDS THE DIFFERENTIAL TUITION; AND

18 (3) THE AVAILABILITY OF A MARYLAND SUBTRACTION  
19 MODIFICATION FOR THE PORTION OF DIFFERENTIAL TUITION THAT IS USED TO  
20 PROVIDE SCHOLARSHIPS OR OTHER FINANCIAL AID TO STUDENTS.

21 (C) A PUBLIC INSTITUTION OF HIGHER EDUCATION THAT CHARGES  
22 DIFFERENTIAL TUITION SHALL ANNUALLY PROVIDE TO THE INDIVIDUAL WHO PAID  
23 THE DIFFERENTIAL TUITION A STATEMENT ACCOUNTING FOR THE AMOUNT OF THE  
24 DIFFERENTIAL TUITION PAYMENT THAT WAS USED BY THE INSTITUTION TO  
25 PROVIDE A SCHOLARSHIP OR OTHER FINANCIAL AID TO STUDENTS.

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

28 **Article – Tax – General**

29 **10–208.**

30 (a) In addition to the modification under § 10–207 of this subtitle, the amounts

1 under this section are subtracted from the federal adjusted gross income of a resident to  
2 determine Maryland adjusted gross income.

3 **(Y) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE**  
4 **MEANINGS INDICATED.**

5 **(II) “DIFFERENTIAL TUITION” HAS THE MEANING STATED IN §**  
6 **15–126 OF THE EDUCATION ARTICLE.**

7 **(III) “INSTITUTION OF HIGHER EDUCATION” HAS THE MEANING**  
8 **STATED IN § 10–101 OF THE EDUCATION ARTICLE.**

9 **(2) (I) SUBJECT TO THE LIMITATION UNDER SUBPARAGRAPH (II)**  
10 **OF THIS PARAGRAPH, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**  
11 **INCLUDES THE PORTION OF DIFFERENTIAL TUITION PAYMENTS MADE BY AN**  
12 **INDIVIDUAL DURING THE TAXABLE YEAR THAT A PUBLIC INSTITUTION OF HIGHER**  
13 **EDUCATION USES TO PROVIDE SCHOLARSHIPS OR OTHER FINANCIAL AID TO**  
14 **STUDENTS.**

15 **(II) THE SUBTRACTION UNDER THIS SUBSECTION IS LIMITED TO**  
16 **THE AMOUNT OF DIFFERENTIAL TUITION THAT IS:**

17 **1. PAID BY THE INDIVIDUAL AND USED TO PROVIDE**  
18 **SCHOLARSHIPS OR OTHER FINANCIAL AID TO STUDENTS; AND**

19 **2. REPORTED BY THE INSTITUTION OF HIGHER**  
20 **EDUCATION IN A STATEMENT TO THE INDIVIDUAL AS REQUIRED UNDER § 15–126 OF**  
21 **THE EDUCATION ARTICLE.**

22 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
23 1, 2020, and Section 2 of this Act shall be applicable to all taxable years beginning after  
24 December 31, 2019.