

# HOUSE BILL 629

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By: **Delegates Queen, Charkoudian, D.M. Davis, Hettleman, Lierman, Lopez, Mosby, Patterson, and Shetty**

Introduced and read first time: January 29, 2020

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland College Investment Plan – State Contribution Incentives**

3 FOR the purpose of requiring the State Treasurer to make a certain deposit into an  
4 omnibus account for a certain child within a certain time period; requiring the  
5 Maryland 529 Board to administer and manage the omnibus account and to adopt  
6 certain procedures to carry out this Act; requiring the State Treasurer, the Maryland  
7 Department of Health, the Department of Human Services, and the Board to  
8 exchange certain information to carry out this Act; authorizing a certain individual  
9 to make a claim for incentive money under certain circumstances; requiring a certain  
10 individual to submit a claim to the Board to transfer incentive money into a certain  
11 investment account under certain circumstances; requiring the Board to develop a  
12 certain form and procedures; requiring the Board to transfer incentive money into a  
13 certain investment account under certain circumstances; requiring certain incentive  
14 money to remain in the omnibus account and to be designated for other eligible  
15 children; requiring the Governor to include a certain appropriation in the annual  
16 budget bill for certain fiscal years; requiring the Board to make a certain report to  
17 the General Assembly on or before a certain date; defining certain terms; providing  
18 for the termination of this Act; and generally relating to the Maryland Senator  
19 Edward J. Kasemeyer Maryland College Investment Plan.

20 BY repealing and reenacting, with amendments,  
21 Article – Education  
22 Section 18–19A–01  
23 Annotated Code of Maryland  
24 (2018 Replacement Volume and 2019 Supplement)

25 BY repealing and reenacting, without amendments,  
26 Article – Education  
27 Section 18–19A–02(a) and (b)  
28 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2018 Replacement Volume and 2019 Supplement)

BY adding to

Article – Education

Section 18–19A–04.2

Annotated Code of Maryland

(2018 Replacement Volume and 2019 Supplement)

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

**Article – Education**

18–19A–01.

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

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

(c) “Board” means the Maryland 529 Board established under § 18–1904 of this title.

**(D) “ELIGIBLE CHILD” MEANS A CHILD BORN OR ADOPTED IN THE STATE ON OR AFTER JANUARY 1, 2022.**

**[(d)] (E)** “Eligible educational institution” has the meaning stated in § 529(e) of the Internal Revenue Code.

**(F) “INCENTIVE MONEY” MEANS THE DEPOSIT MADE BY THE STATE TREASURER INTO THE OMNIBUS ACCOUNT FOR EACH ELIGIBLE CHILD AND THE INTEREST EARNED ON THAT DEPOSIT.**

**[(e)] (G)** “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.

**(H) “OMNIBUS ACCOUNT” MEANS AN ACCOUNT ESTABLISHED BY THE BOARD TO MANAGE AND ADMINISTER INCENTIVE MONEY.**

**[(f)] (I)** “Plan” means the Maryland Senator Edward J. Kasemeyer College Investment Plan established under this subtitle.

**[(g)] (J)** “Qualified designated beneficiary” has the meaning stated in § 529(e) of the Internal Revenue Code.

1        **[(h)] (K)**        “Qualified higher education expenses” has the meaning stated in §  
2 529(e) of the Internal Revenue Code.

3        **[(i)] (L)**        “Qualified state tuition program” has the meaning stated in § 529 of the  
4 Internal Revenue Code.  
5 18–19A–02.

6        (a)        There is a Maryland Senator Edward J. Kasemeyer College Investment Plan.

7        (b)        The purpose of the Plan is to allow contributions to an investment account  
8 established for the purposes of meeting the qualified higher education expenses of the  
9 qualified designated beneficiary of the account.

10 **18–19A–04.2.**

11        **(A)    FOR EACH ELIGIBLE CHILD, THE STATE TREASURER SHALL MAKE A**  
12 **ONE–TIME DEPOSIT OF \$100 INTO THE OMNIBUS ACCOUNT ON OR BEFORE**  
13 **DECEMBER 31 OF THE YEAR IN WHICH THE CHILD WAS BORN OR ADOPTED.**

14        **(B)    (1)    THE BOARD SHALL ADMINISTER AND MANAGE THE OMNIBUS**  
15 **ACCOUNT.**

16        **(2)    SUBJECT TO SUBSECTION (D) OF THIS SECTION, THE BOARD**  
17 **SHALL ADOPT PROCEDURES NECESSARY TO CARRY OUT THE PROVISIONS OF THIS**  
18 **SECTION.**

19        **(C)    THE STATE TREASURER, THE MARYLAND DEPARTMENT OF HEALTH,**  
20 **THE DEPARTMENT OF HUMAN SERVICES, AND THE BOARD SHALL EXCHANGE THE**  
21 **INFORMATION NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SECTION.**

22        **(D)    (1)    SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, A**  
23 **PARENT OR GRANDPARENT OF AN ELIGIBLE CHILD MAY MAKE A CLAIM FOR THE**  
24 **INCENTIVE MONEY IF THE PARENT OR GRANDPARENT OPENS AN INVESTMENT**  
25 **ACCOUNT ON BEHALF OF THE ELIGIBLE CHILD WITHIN 5 YEARS AFTER THE**  
26 **ELIGIBLE CHILD IS BORN OR ADOPTED.**

27        **(2)    A PARENT OR GRANDPARENT SHALL SUBMIT A CLAIM TO THE**  
28 **BOARD OR ITS DESIGNEE TO TRANSFER INCENTIVE MONEY INTO AN INVESTMENT**  
29 **ACCOUNT OPENED IN ACCORDANCE WITH THIS SECTION.**

30        **(3)    (I)    A CLAIM MAY BE MADE IN PERSON, ONLINE, OR BY MAIL.**

**(II) THE BOARD SHALL DEVELOP:**

**1. A CLAIM FORM THAT ALLOWS FOR CERTIFICATION THAT THE QUALIFIED DESIGNATED BENEFICIARY OF THE ACCOUNT QUALIFIES AS AN ELIGIBLE CHILD;**

**2. A PROCEDURE TO CERTIFY THE DATE AND TIME OF RECEIPT OF A CLAIM; AND**

**3. ANY OTHER NECESSARY PROCEDURES FOR THE SUBMISSION OF CLAIMS.**

**(E) THE BOARD SHALL TRANSFER THE INCENTIVE MONEY INTO THE INVESTMENT ACCOUNT OPENED ON BEHALF OF AN ELIGIBLE CHILD IF THE CLAIM MEETS THE REQUIREMENTS OF THIS SECTION.**

**(F) ANY UNCLAIMED INCENTIVE MONEY SHALL REMAIN IN THE OMNIBUS ACCOUNT AND SHALL BE DESIGNATED FOR OTHER ELIGIBLE CHILDREN.**

**(G) THE OMNIBUS ACCOUNT SHALL BE SUBJECT TO THE FIDUCIARY DUTIES AND INVESTMENT REQUIREMENTS THAT GOVERN THE PLAN.**

**(H) FOR EACH OF FISCAL YEARS 2022 THROUGH 2026, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN AMOUNT SUFFICIENT TO PROVIDE INCENTIVE MONEY FOR EACH ELIGIBLE CHILD BORN OR ADOPTED IN THAT FISCAL YEAR UNDER THE REQUIREMENTS IN SUBSECTION (A) OF THIS SECTION.**

**(I) ON OR BEFORE DECEMBER 1, 2027, THE BOARD SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON:**

**(1) AMOUNTS DEPOSITED INTO THE OMNIBUS ACCOUNT AND THE CORRESPONDING NUMBER OF ELIGIBLE CHILDREN FOR EACH OF FISCAL YEARS 2022 THROUGH 2026;**

**(2) AMOUNTS AND NUMBER OF CLAIMS MADE, APPROVED, AND DENIED FOR EACH OF FISCAL YEARS 2022 THROUGH 2026;**

**(3) AMOUNTS UNCLAIMED FOR EACH OF FISCAL YEARS 2022 THROUGH 2026; AND**

**(4) ANY OTHER DATA, STATISTICS, OR INFORMATION THAT THE BOARD MAY DEEM RELEVANT TO EVALUATE THE EFFECTIVENESS OF INCENTIVE**

1   **MONEY DEPOSITED UNDER THIS SECTION.**

2           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
3   October 1, 2020. It shall remain effective for a period of 8 years and, at the end of September  
4   30, 2028, this Act, with no further action required by the General Assembly, shall be  
5   abrogated and of no further force and effect.