

## Article - Tax - General

10-205.

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

(h) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(II) "CONTRIBUTOR" AND "QUALIFIED DESIGNATED BENEFICIARY" HAVE THE MEANINGS STATED IN § 18-19A-01 OF THE EDUCATION ARTICLE.

(III) "PURCHASER" AND "QUALIFIED BENEFICIARY" HAVE THE MEANINGS STATED IN § 18-1901 OF THE EDUCATION ARTICLE.

(IV) "QUALIFIED HIGHER EDUCATION EXPENSES" HAS THE MEANING STATED IN § 529 OF THE INTERNAL REVENUE CODE.

(2) The addition under subsection (a) of this section includes the amount of:

(I) any refund received ~~by an individual~~ in the taxable year BY A PURCHASER under a [higher education investment] PREPAID contract in accordance with the Maryland [Higher Education Investment Program] PREPAID COLLEGE TRUST that is not applied on behalf of the beneficiary for charges imposed by an institution of higher education for enrollment at the institution, including tuition and registration and other fees required as a condition of enrollment OR A CONTRIBUTOR UNDER AN INVESTMENT ACCOUNT IN ACCORDANCE WITH THE MARYLAND COLLEGE INVESTMENT PLAN; OR

(II) ANY DISTRIBUTION RECEIVED IN THE TAXABLE YEAR BY A PURCHASER UNDER A PREPAID CONTRACT IN ACCORDANCE WITH THE MARYLAND PREPAID COLLEGE TRUST OR A CONTRIBUTOR UNDER AN INVESTMENT ACCOUNT IN ACCORDANCE WITH THE MARYLAND COLLEGE INVESTMENT PLAN THAT IS NOT USED ON BEHALF OF THE QUALIFIED BENEFICIARY OR QUALIFIED DESIGNATED BENEFICIARY FOR QUALIFIED HIGHER EDUCATION EXPENSES.

(2) (3) The amount of the addition required under this subsection shall be reduced by any amount included in the individual's federal adjusted gross income as a result of the refund.

(2) (4) The cumulative amount of the addition under this subsection for the taxable year and all prior taxable years may not exceed the cumulative amount allowed as a subtraction;

(I) under § 10-208(n) of this subtitle for the taxable year and all prior taxable years for the ~~individual's~~ PURCHASER'S payments to the [higher education investment] PREPAID contract under which the refund OR DISTRIBUTION is received; OR