

~~[(3)]~~ (4) 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 DISTRIBUTION.

~~[(4)]~~ (5) The cumulative amount of the addition under this subsection for the taxable year and all prior taxable years may not exceed THE SUM OF:

(I) 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 purchaser's payments to the prepaid contract under which the refund or distribution is received, or~~ FOR CONTRIBUTIONS TO A QUALIFIED PREPAID TUITION PROGRAM; AND

(ii) THE CUMULATIVE AMOUNT ALLOWED AS A SUBTRACTION under § 10-208(o) of this subtitle for the taxable year and all prior taxable years ~~for contributions made by a contributor to an investment account under which the refund or distribution is received~~ FOR CONTRIBUTIONS TO A QUALIFIED HIGHER EDUCATION INVESTMENT PROGRAM.

10-207.

~~[(s)]~~ (1) (i) In this subsection the following words have the meanings indicated.

(ii) "Qualified beneficiary" has the meaning stated in § 18-1901 of the Education Article.

(iii) "Qualified designated beneficiary" has the meaning stated in § 18-19A-01 of the Education Article.

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

(2) Except as provided in paragraph (3) of this subsection, the subtraction under subsection (a) of this section includes any amount included in federal adjusted gross income as a result of a distribution to:

(i) a qualified beneficiary pursuant to a prepaid contract under the Maryland Prepaid College Trust; or

(ii) a qualified designated beneficiary from an investment account under the Maryland College Investment Plan.

(3) The subtraction under paragraph (2) of this subsection does not apply to:

(i) a refund under the Maryland Prepaid College Trust or the Maryland College Investment Plan; or

(ii) a distribution that is not used by the qualified beneficiary or qualified designated beneficiary for qualified higher education expenses.]