

# HOUSE BILL 1426

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By: **Delegates Hornberger and Ghrist**

Introduced and read first time: February 12, 2016

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Education – Maryland Public Education Fund – Income Tax Checkoff**

3 FOR the purpose of establishing the Maryland Public Education Fund as a special,  
4 nonlapsing fund; specifying the purpose of the Fund; requiring the State  
5 Superintendent of Schools to administer the Fund; requiring the State Treasurer to  
6 hold the Fund and the Comptroller to account for the Fund; specifying the contents  
7 of the Fund; specifying the purpose for which the Fund may be used; prohibiting  
8 certain county boards from using certain money from the Fund in a certain manner;  
9 providing for the investment of money in and expenditures from the Fund; requiring  
10 the Governor to make certain appropriations from the Fund; requiring interest  
11 earnings of the Fund to be credited to the Fund; exempting the Fund from a certain  
12 provision of law requiring interest earnings on State money to accrue to the General  
13 Fund of the State; establishing a certain income tax checkoff system for voluntary  
14 contributions to the Maryland Public Education Fund; requiring the Comptroller to  
15 include a checkoff on the individual income tax return; providing that the income tax  
16 checkoff system include a certain statement; requiring the Comptroller to include  
17 certain information in each individual income tax return package; requiring the  
18 Comptroller to collect and account for contributions made through the checkoff  
19 system and credit the proceeds to the Fund after deducting the amount necessary to  
20 administer the checkoff system; providing that the Fund may consist of certain  
21 contributions from the income tax checkoff system and certain other money;  
22 providing for the application of this Act; and generally relating to an income tax  
23 checkoff system for contributions to the Maryland Public Education Fund.

24 BY adding to

25 Article – Education

26 Section 5–218

27 Annotated Code of Maryland

28 (2014 Replacement Volume and 2015 Supplement)

29 BY adding to

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Tax – General  
2 Section 2–115 and 10–804(l)  
3 Annotated Code of Maryland  
4 (2010 Replacement Volume and 2015 Supplement)

5 BY repealing and reenacting, without amendments,  
6 Article – State Finance and Procurement  
7 Section 6–226(a)(2)(i)  
8 Annotated Code of Maryland  
9 (2015 Replacement Volume)

10 BY repealing and reenacting, with amendments,  
11 Article – State Finance and Procurement  
12 Section 6–226(a)(2)(ii)84. and 85.  
13 Annotated Code of Maryland  
14 (2015 Replacement Volume)

15 BY adding to  
16 Article – State Finance and Procurement  
17 Section 6–226(a)(2)(ii)86.  
18 Annotated Code of Maryland  
19 (2015 Replacement Volume)

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

22 **Article – Education**

23 **5–218.**

24 **(A) IN THIS SECTION, “FUND” MEANS THE MARYLAND PUBLIC EDUCATION**  
25 **FUND.**

26 **(B) (1) THERE IS A MARYLAND PUBLIC EDUCATION FUND.**

27 **(2) THE PURPOSE OF THE FUND IS TO ALLOW INDIVIDUALS TO**  
28 **SUPPORT PUBLIC EDUCATION IN THE STATE.**

29 **(C) THE STATE SUPERINTENDENT SHALL ADMINISTER THE FUND.**

30 **(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**  
31 **SUBJECT TO § 7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

32 **(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,**  
33 **AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

1           **(E) THE FUND CONSISTS OF:**

2                   **(1) REVENUE DISTRIBUTED TO THE FUND UNDER § 2-115 OF THE**  
3 **TAX – GENERAL ARTICLE;**

4                   **(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

5                   **(3) INTEREST EARNINGS OF THE FUND; AND**

6                   **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**  
7 **THE BENEFIT OF THE FUND.**

8           **(F) (1) BEGINNING IN FISCAL YEAR 2019, AND IN EACH FISCAL YEAR**  
9 **THEREAFTER, THE GOVERNOR SHALL APPROPRIATE TO EACH COUNTY BOARD OF**  
10 **EDUCATION THE PROPORTION OF THE REVENUES GENERATED FOR THE FUND BY**  
11 **THE INDIVIDUALS OF THE COUNTY.**

12                   **(2) THE FUND MAY BE USED ONLY TO:**

13                           **(i) CARRY OUT THE REQUIREMENTS OF PARAGRAPH (1) OF**  
14 **THIS SUBSECTION; AND**

15                           **(ii) ADMINISTER THE CHECKOFF SYSTEM ESTABLISHED UNDER**  
16 **§ 2-115 OF THE TAX – GENERAL ARTICLE.**

17                   **(3) A COUNTY BOARD MAY NOT USE ANY MONEY RECEIVED UNDER**  
18 **THIS SECTION ON EMPLOYEE SALARIES OR PENSIONS.**

19           **(G) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN**  
20 **THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

21           **(H) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE**  
22 **WITH THE STATE BUDGET.**

23   **Article – Tax – General**

24           **2-115.**

25           **(A) (1) THE COMPTROLLER SHALL INCLUDE ON THE INDIVIDUAL**  
26 **INCOME TAX RETURN FORM A CHECKOFF DESIGNATED AS THE “MARYLAND PUBLIC**  
27 **EDUCATION FUND CONTRIBUTION”.**

1           **(2) THE CHECKOFF SHALL STATE THAT:**

2                   **(I) THE INDIVIDUAL, OR EACH SPOUSE IN THE CASE OF A JOINT**  
3 **RETURN, MAY CONTRIBUTE TO THE MARYLAND PUBLIC EDUCATION FUND THE**  
4 **AMOUNT DESIGNATED BY THE INDIVIDUAL; AND**

5                   **(II) 1. THE INDIVIDUAL SHALL DEDUCT THE AMOUNT OF THE**  
6 **CONTRIBUTION FROM ANY REFUND TO WHICH THE INDIVIDUAL IS ENTITLED; OR**

7                               **2. IF THE INDIVIDUAL IS NOT ENTITLED TO A REFUND,**  
8 **THE INDIVIDUAL SHALL ADD THE AMOUNT OF THE CONTRIBUTION TO THE INCOME**  
9 **TAX TO BE PAID WITH THE RETURN.**

10                   **(3) THE COMPTROLLER SHALL INCLUDE, WITH THE INDIVIDUAL**  
11 **INCOME TAX RETURN PACKAGE, A DESCRIPTION OF THE PURPOSES FOR WHICH THE**  
12 **MARYLAND PUBLIC EDUCATION FUND WAS ESTABLISHED AND THE PURPOSES FOR**  
13 **WHICH THE FUND MAY BE USED.**

14           **(B) THE COMPTROLLER SHALL:**

15                   **(1) COLLECT THE CHECKOFF CONTRIBUTIONS AND ACCOUNT TO THE**  
16 **STATE TREASURER FOR THE MONEY COLLECTED;**

17                   **(2) FROM THE CONTRIBUTIONS COLLECTED, DISTRIBUTE THE**  
18 **AMOUNT NECESSARY TO ADMINISTER THE CHECKOFF SYSTEM TO AN**  
19 **ADMINISTRATIVE COST ACCOUNT; AND**

20                   **(3) AFTER THE DISTRIBUTION UNDER ITEM (2) OF THIS SUBSECTION,**  
21 **DISTRIBUTE THE REMAINDER OF THE MONEY COLLECTED UNDER THIS SUBSECTION**  
22 **TO THE MARYLAND PUBLIC EDUCATION FUND ESTABLISHED UNDER § 5-218 OF**  
23 **THE EDUCATION ARTICLE.**

24 10-804.

25           **(L) AN INDIVIDUAL MAY DESIGNATE A CONTRIBUTION TO THE MARYLAND**  
26 **PUBLIC EDUCATION FUND ESTABLISHED UNDER § 5-218 OF THE EDUCATION**  
27 **ARTICLE BY THE CHECKOFF SYSTEM ON THE RETURN.**

28                               **Article – State Finance and Procurement**

29 6-226.

30           **(a) (2) (i) Notwithstanding any other provision of law, and unless**  
31 **inconsistent with a federal law, grant agreement, or other federal requirement or with the**

1 terms of a gift or settlement agreement, net interest on all State money allocated by the  
2 State Treasurer under this section to special funds or accounts, and otherwise entitled to  
3 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General  
4 Fund of the State.

5 (ii) The provisions of subparagraph (i) of this paragraph do not apply  
6 to the following funds:

7 84. the Economic Development Marketing Fund; [and]

8 85. the Military Personnel and Veteran-Owned Small  
9 Business No-Interest Loan Fund; AND

10 **86. THE MARYLAND PUBLIC EDUCATION FUND.**

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
12 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.