

# HOUSE BILL 103

Q3

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By: **Delegates Tarlau, Angel, Barron, Ebersole, Fennell, Jalisi, McCray, Pena-Melnyk, Platt, Rosenberg, Sanchez, Valentino-Smith, and A. Washington**

Introduced and read first time: January 18, 2016

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Interest Paid on Student Loans**

3 FOR the purpose of allowing a subtraction modification under the State income tax for a  
4 certain amount of interest paid by a qualified taxpayer on certain student loans;  
5 requiring the Comptroller to adopt certain regulations; defining certain terms;  
6 providing for the application of this Act; and generally relating to a Maryland income  
7 tax subtraction modification for certain interest paid on certain student loans.

8 BY repealing and reenacting, without amendments,

9 Article – Tax – General

10 Section 10–208(a)

11 Annotated Code of Maryland

12 (2010 Replacement Volume and 2015 Supplement)

13 BY adding to

14 Article – Tax – General

15 Section 10–208(v)

16 Annotated Code of Maryland

17 (2010 Replacement Volume and 2015 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Tax – General**

21 10–208.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) In addition to the modification under § 10–207 of this subtitle, the amounts  
2 under this section are subtracted from the federal adjusted gross income of a resident to  
3 determine Maryland adjusted gross income.

4 (v) (1) (i) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE  
5 MEANINGS INDICATED.

6 (ii) 1. “INSTITUTION OF HIGHER EDUCATION” MEANS AN  
7 INSTITUTION OF POSTSECONDARY EDUCATION THAT GENERALLY LIMITS  
8 ENROLLMENT TO GRADUATES OF SECONDARY SCHOOLS AND AWARDS DEGREES AT  
9 EITHER THE BACCALAUREATE OR GRADUATE LEVEL.

10 2. “INSTITUTION OF HIGHER EDUCATION” INCLUDES  
11 PUBLIC, PRIVATE NONPROFIT, AND FOR–PROFIT INSTITUTIONS OF HIGHER  
12 EDUCATION.

13 (iii) “QUALIFIED STUDENT LOAN” MEANS A LOAN INCURRED TO  
14 ATTEND AND RECEIVE A BACCALAUREATE OR GRADUATE LEVEL DEGREE FROM AN  
15 INSTITUTION OF HIGHER EDUCATION.

16 (iv) “QUALIFIED TAXPAYER” MEANS AN INDIVIDUAL WHO:

17 1. RESIDES IN THE STATE;

18 2. ATTENDED AN INSTITUTION OF HIGHER EDUCATION  
19 AND RECEIVED A BACCALAUREATE OR GRADUATE LEVEL DEGREE FROM THAT  
20 INSTITUTION; AND

21 3. EARNED LESS THAN \$500,000 IN FEDERAL ADJUSTED  
22 GROSS INCOME FOR THE TAXABLE YEAR.

23 (2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION  
24 INCLUDES THE AMOUNT OF INTEREST PAID ON A QUALIFIED STUDENT LOAN BY THE  
25 QUALIFIED TAXPAYER DURING THE TAXABLE YEAR.

26 (3) (i) THE COMPTROLLER SHALL ADOPT REGULATIONS TO  
27 CARRY OUT THE PROVISIONS OF THIS SECTION.

28 (ii) THE REGULATIONS SHALL ESTABLISH THE REQUIREMENTS  
29 FOR A QUALIFIED TAXPAYER TO PROVIDE PROOF OF RESIDENCY AND PROOF OF  
30 PAYMENT OF INTEREST ON THE QUALIFIED STUDENT LOAN.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
32 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.