

HOUSE BILL 885

Q3, F5

4r1132
CF SB 632

By: **Delegates Reznik, Rosenberg, and Luedtke**

Introduced and read first time: February 5, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Student Loan Payments**

3 FOR the purpose of allowing certain individuals a credit against the State income tax
4 for up to a certain amount of qualified student loan payments made by the
5 individual; providing that the credit may not exceed a certain amount; making
6 the credit refundable; requiring the Comptroller to adopt certain regulations;
7 defining certain terms; providing for the application of this Act; and generally
8 relating to an income tax credit for certain student loan payments.

9 BY adding to
10 Article – Tax – General
11 Section 10–736
12 Annotated Code of Maryland
13 (2010 Replacement Volume and 2013 Supplement)

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

16 **Article – Tax – General**

17 **10–736.**

18 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
19 MEANINGS INDICATED.

20 (2) (I) “INSTITUTION OF HIGHER EDUCATION” MEANS AN
21 INSTITUTION OF POSTSECONDARY EDUCATION LOCATED IN THE STATE THAT
22 GENERALLY LIMITS ENROLLMENT TO GRADUATES OF SECONDARY SCHOOLS,
23 AND AWARDS DEGREES AT EITHER THE BACCALAUREATE OR GRADUATE LEVEL.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (II) “INSTITUTION OF HIGHER EDUCATION” INCLUDES
2 PUBLIC, PRIVATE NONPROFIT, AND FOR-PROFIT INSTITUTIONS OF HIGHER
3 EDUCATION.

4 (3) “QUALIFIED STUDENT LOAN” MEANS A LOAN INCURRED TO
5 ATTEND AND RECEIVE A BACCALAUREATE OR GRADUATE LEVEL DEGREE FROM
6 AN INSTITUTION OF HIGHER EDUCATION.

7 (4) “QUALIFIED TAXPAYER” MEANS AN INDIVIDUAL WHO:

8 (I) ATTENDED AN INSTITUTION OF HIGHER EDUCATION
9 AND RECEIVED A BACCALAUREATE OR GRADUATE LEVEL DEGREE FROM THAT
10 INSTITUTION; AND

11 (II) RESIDES IN THE STATE.

12 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A QUALIFIED
13 TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN
14 AMOUNT EQUAL TO 50% OF THE AMOUNT PAID ON A QUALIFIED STUDENT LOAN
15 BY THE QUALIFIED TAXPAYER DURING THE TAXABLE YEAR.

16 (C) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
17 SECTION MAY NOT EXCEED THE LESSER OF:

18 (I) 20% OF THE AVERAGE ANNUAL TUITION FOR THE
19 TAXABLE YEAR AT ALL THE INSTITUTIONS OF HIGHER EDUCATION; OR

20 (II) \$2,500.

21 (2) A QUALIFIED TAXPAYER MAY CLAIM A REFUND IN THE
22 AMOUNT BY WHICH THE CREDIT ALLOWABLE FOR THE TAXABLE YEAR UNDER
23 THIS SECTION EXCEEDS THE STATE INCOME TAX FOR THE TAXABLE YEAR.

24 (D) (1) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY
25 OUT THE PROVISIONS OF THIS SECTION.

26 (2) THE REGULATIONS SHALL ESTABLISH THE REQUIREMENTS
27 FOR A QUALIFIED TAXPAYER TO PROVIDE PROOF OF RESIDENCY, PROOF OF
28 EMPLOYMENT IN THE STATE, AND PROOF OF PAYMENT OF THE QUALIFIED
29 STUDENT LOAN.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 July 1, 2014, and shall be applicable to all taxable years beginning after December 31,
32 2013.