

# SENATE BILL 632

Q3, F5

4r1143  
CF 4r1132

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By: **Senators Madaleno, Colburn, Feldman, Jones–Rodwell, King, Klausmeier,  
Mathias, Montgomery, Muse, Ramirez, and Raskin**

Introduced and read first time: January 30, 2014

Assigned to: Budget and Taxation

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## 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.**

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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.

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 2014, and shall be applicable to all taxable years beginning after December 31,  
3 2013.