

HOUSE BILL 593

F2, Q3

8lr1104

By: **Delegates Hettleman, Atterbeary, Bromwell, Brooks, Buckel, Carr, Cluster, Conaway, Cullison, Fraser-Hidalgo, Gutierrez, Hill, Jackson, Jalisi, Kelly, Korman, Lam, J. Lewis, Lierman, Luedtke, McKay, Miele, Morales, Mosby, Patterson, Pena-Melnyk, Robinson, Rosenberg, Sample-Hughes, Sanchez, Sydnor, Tarlau, Valderrama, Waldstreicher, ~~and P. Young~~ P. Young, Ali, Ebersole, Hixson, Hornberger, C. Howard, Long, Simonaire, Turner, Walker, A. Washington, and Wilkins**

Introduced and read first time: January 29, 2018

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 12, 2018

CHAPTER _____

1 AN ACT concerning

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

3 FOR the purpose of expanding the student loan tax credit that allows certain individuals
4 with certain student loan debt amounts to claim a credit against the State income
5 tax to include graduate student loan debt; altering a certain definition; providing for
6 the application of this Act; and generally relating to a student loan tax credit.

7 BY repealing and reenacting, with amendments,

8 Article – Tax – General

9 Section 10–740

10 Annotated Code of Maryland

11 (2016 Replacement Volume and 2017 Supplement)

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

14 **Article – Tax – General**

15 10–740.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) (1) In this section the following words have the meanings indicated.

2 (2) "Commission" means the Maryland Higher Education Commission.

3 (3) "Qualified taxpayer" means an individual who has:

4 (i) incurred at least \$20,000 in undergraduate **OR GRADUATE**
5 student loan debt **OR BOTH**; and

6 (ii) has at least \$5,000 in outstanding undergraduate **OR**
7 **GRADUATE** student loan debt **OR BOTH** when submitting an application under subsection
8 (c) of this section.

9 (b) Subject to the limitations of this section, a qualified taxpayer may claim a
10 credit against the State income tax for the taxable year in which the Commission certifies
11 a tax credit under this section.

12 (c) (1) (i) By September 15 of each year, an individual shall submit an
13 application to the Commission for the credit allowed under this section.

14 (ii) The individual shall submit with the application an assurance
15 that the individual will use any credit approved under this section for the repayment of the
16 individual's undergraduate **OR GRADUATE** student loan debt **OR BOTH** as soon as
17 practicable.

18 (iii) 1. The total amount of the credit claimed under this section
19 shall be recaptured if the individual does not use the credit approved under this section for
20 the repayment of the individual's undergraduate **OR GRADUATE** student loan debt **OR**
21 **BOTH** within 2 years from the close of the taxable year for which the credit is claimed.

22 2. The individual who claimed the credit shall pay the total
23 amount of the credit claimed as taxes payable to the State for the taxable year in which the
24 event requiring recapture of the credit occurs.

25 (2) By December 15 of each year the Commission shall certify to the
26 individual the amount of any tax credit approved by the Commission under this section,
27 not to exceed \$5,000.

28 (3) For any taxable year, the total amount of credits approved by the
29 Commission under this section may not exceed \$5,000,000.

30 (4) To claim the tax credit allowed under this section, an individual shall
31 attach a copy of the Commission's certification of the approved credit amount to the income
32 tax return.

1 (d) The Commission shall prioritize tax credit recipients and amounts based on
2 qualified taxpayers who:

- 3 (1) have higher debt burden to income ratios;
- 4 (2) graduated from an institution of higher education located in the State;
- 5 (3) did not receive a tax credit in a prior year; or
- 6 (4) were eligible for in-State tuition.

7 (e) If the tax credit allowed under this section in any taxable year exceeds the
8 total tax otherwise payable by the qualified taxpayer for that taxable year, the qualified
9 taxpayer may claim a refund in the amount of the excess.

10 (f) The Commission shall establish and implement by September 1, 2016, an
11 outreach and marketing plan to make eligible taxpayers aware of the availability of the tax
12 credit provided under this section.

13 (g) The Commission shall adopt regulations to carry out the provisions of this
14 section.

15 (h) The tax credit under this section shall be referred to as the Student Loan Debt
16 Relief Tax Credit.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
18 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.