

# SENATE BILL 244

Q3, F2  
HB 860/18 – W&M

9lr1011

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By: **Senators Kramer, Feldman, Lam, and Peters**

Introduced and read first time: January 25, 2019

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Individuals Working in STEM Fields – Student Loan**  
3 **Payments**

4 FOR the purpose of authorizing a credit against the State income tax for the amount certain  
5 individuals pay toward certain student loans during the taxable year; providing for  
6 the carryforward of the credit; authorizing certain individuals, on or before a certain  
7 date each year, to apply to the Department of Commerce for the credit; requiring the  
8 application to contain certain information; requiring the Department and the  
9 Maryland Higher Education Commission jointly to review the applications and  
10 award the tax credits; requiring the Department and the Commission to prioritize  
11 the award of tax credits in a certain manner; requiring that a certain amount of the  
12 available tax credits be awarded to certain applicants; limiting the amount of tax  
13 credits certain applicants may receive each year; requiring the Department, on or  
14 before a certain date, to notify an applicant of the amount of a tax credit awarded;  
15 providing for the total amount of tax credits that may be awarded each year;  
16 establishing the Student Loan Reimbursement Tax Credit Fund as a special,  
17 nonlapsing fund; specifying the purpose of the Fund; requiring the Department to  
18 administer the Fund; requiring the State Treasurer to hold the Fund and the  
19 Comptroller to account for the Fund; specifying the contents of the Fund; specifying  
20 the purpose for which the Fund may be used; providing for the investment of money  
21 in and expenditures from the Fund; requiring the Secretary of Commerce to solicit  
22 partnerships with and donations to the Fund; requiring the Department to adopt  
23 certain regulations; defining certain terms; providing for the application of this Act;  
24 and generally relating to an income tax credit for certain student loan payments.

25 BY adding to  
26 Article – Tax – General  
27 Section 10–749  
28 Annotated Code of Maryland  
29 (2016 Replacement Volume and 2018 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Tax – General**

4 **10–749.**

5 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
6 INDICATED.

7 (2) “COMMISSION” MEANS THE MARYLAND HIGHER EDUCATION  
8 COMMISSION.

9 (3) “DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.

10 (4) “FULL-TIME EMPLOYEE” MEANS AN INDIVIDUAL WHO IS  
11 EMPLOYED BY:

12 (I) A BUSINESS FOR AT LEAST 35 HOURS EACH WEEK; OR

13 (II) A PROFESSIONAL EMPLOYER ORGANIZATION UNDER AN  
14 EMPLOYEE LEASING AGREEMENT BETWEEN THE BUSINESS AND THE PROFESSIONAL  
15 EMPLOYER ORGANIZATION FOR AT LEAST 35 HOURS EACH WEEK IF THE  
16 INDIVIDUAL’S WAGES ARE SUBJECT TO WITHHOLDING.

17 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL  
18 MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT EQUAL TO  
19 THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE AWARDED BY THE  
20 DEPARTMENT AND THE COMMISSION UNDER SUBSECTION (C) OF THIS SECTION.

21 (2) IF THE CREDIT ALLOWED FOR ANY TAXABLE YEAR UNDER THIS  
22 SECTION EXCEEDS THE TOTAL TAX OTHERWISE DUE, AN INDIVIDUAL MAY APPLY THE  
23 EXCESS AS A CREDIT AGAINST THE STATE INCOME TAX FOR SUCCEEDING TAXABLE  
24 YEARS UNTIL THE FULL AMOUNT OF THE EXCESS IS USED.

25 (C) (1) ON OR BEFORE DECEMBER 1 EACH YEAR, AN INDIVIDUAL MAY  
26 APPLY TO THE DEPARTMENT FOR THE CREDIT AUTHORIZED UNDER THIS SECTION  
27 IF THE INDIVIDUAL:

28 (I) GRADUATED FROM AN ACCREDITED INSTITUTION OF  
29 HIGHER EDUCATION, AS DEFINED IN § 10–101 OF THE EDUCATION ARTICLE, WITH  
30 AN ASSOCIATE, BACHELOR’S, GRADUATE, OR POSTGRADUATE DEGREE AND HAS  
31 OUTSTANDING STUDENT LOAN DEBT INCURRED FROM ATTENDING THE  
32 INSTITUTION;

1 (II) IS A FULL-TIME EMPLOYEE OF A MARYLAND-BASED  
2 EMPLOYER AT A WORK LOCATION IN THE STATE; AND

3 (III) WORKS IN ONE OF THE FOLLOWING FIELDS:

4 1. ADVANCED MATHEMATICS OR FINANCE;

5 2. COMPUTER, INFORMATION, OR SOFTWARE  
6 TECHNOLOGY;

7 3. ENGINEERING;

8 4. INDUSTRIAL DESIGN OR OTHER COMMERCIALY  
9 RELATED DESIGN FIELD;

10 5. LIFE, NATURAL, OR ENVIRONMENTAL SCIENCES; OR

11 6. MEDICINE OR MEDICAL DEVICE TECHNOLOGY.

12 (2) THE APPLICATION SHALL STATE:

13 (I) THE INSTITUTION FROM WHICH THE APPLICANT  
14 GRADUATED;

15 (II) THE DEGREE THE APPLICANT RECEIVED;

16 (III) THE EMPLOYER FOR WHICH THE APPLICANT WORKS;

17 (IV) THE AMOUNT THE EMPLOYER PAID TO THE APPLICANT  
18 DURING THE TAXABLE YEAR;

19 (V) THE FIELD IN WHICH THE APPLICANT WORKS;

20 (VI) THE AMOUNT PAID BY THE APPLICANT DURING THE  
21 CURRENT TAXABLE YEAR TOWARD THE STUDENT LOAN;

22 (VII) THE AMOUNT THE APPLICANT EXPECTS TO PAY ON OR  
23 BEFORE DECEMBER 31 TOWARD THE STUDENT LOAN; AND

24 (VIII) ANY OTHER INFORMATION REQUIRED BY THE  
25 DEPARTMENT.

1           **(3) (I) THE DEPARTMENT AND THE COMMISSION SHALL:**

2                   1.     **JOINTLY REVIEW THE APPLICATIONS; AND**

3                   2.     **SUBJECT TO SUBPARAGRAPHS (II) THROUGH (IV) OF**  
4 **THIS PARAGRAPH, AWARD THE TAX CREDIT CERTIFICATE TO THE APPLICANT.**

5                   **(II) SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH,**  
6 **THE DEPARTMENT AND THE COMMISSION SHALL AWARD TAX CREDIT**  
7 **CERTIFICATES ON A COMPETITIVE BASIS AND PRIORITIZE APPLICANTS WHO:**

8                   1.     **HAVE HIGHER DEBT-TO-INCOME RATIOS;**

9                   2.     **GRADUATED FROM AN INSTITUTION OF HIGHER**  
10 **EDUCATION LOCATED IN THE STATE;**

11                  3.     **DID NOT RECEIVE A TAX CREDIT IN A PRIOR YEAR; OR**

12                  4.     **WERE ELIGIBLE FOR IN-STATE TUITION.**

13                  **(III) THE DEPARTMENT AND THE COMMISSION SHALL AWARD**  
14 **AT LEAST 70% OF THE AMOUNT AVAILABLE UNDER SUBSECTION (D)(3) OF THIS**  
15 **SECTION TO APPLICANTS WHO TOOK OUT THE STUDENT LOAN TO ATTEND AN**  
16 **INSTITUTION OF HIGHER EDUCATION IN THE STATE.**

17                  **(IV) FOR EACH YEAR, THE AMOUNT OF A TAX CREDIT**  
18 **CERTIFICATE AWARDED TO AN APPLICANT MAY NOT EXCEED:**

19                   1.     **\$1,000 FOR AN APPLICANT WITH AN ASSOCIATE**  
20 **DEGREE;**

21                   2.     **\$4,000 FOR AN APPLICANT WITH A BACHELOR'S**  
22 **DEGREE; AND**

23                   3.     **\$6,000 FOR AN APPLICANT WITH A GRADUATE OR**  
24 **POSTGRADUATE DEGREE.**

25                  **(D) (1) ON OR BEFORE DECEMBER 31 EACH YEAR, THE DEPARTMENT**  
26 **SHALL NOTIFY THE APPLICANT OF THE AMOUNT OF ANY TAX CREDIT CERTIFICATE**  
27 **AWARDED.**

28                  **(2) AN APPLICANT MAY NOT RECEIVE A TAX CREDIT CERTIFICATE:**

1           **(I) IN AN AMOUNT THAT EXCEEDS THE AMOUNT THE**  
2 **APPLICANT PAID TOWARD THE STUDENT LOAN DURING THE TAXABLE YEAR; OR**

3           **(II) IF THE APPLICANT RECEIVED A TAX CREDIT CERTIFICATE**  
4 **FOR THE 3 PRIOR CONSECUTIVE CALENDAR YEARS.**

5           **(3) FOR EACH TAXABLE YEAR, THE TOTAL AMOUNT OF TAX CREDIT**  
6 **CERTIFICATES THAT MAY BE AWARDED BY THE DEPARTMENT UNDER THIS SECTION**  
7 **MAY NOT EXCEED THE TOTAL FUNDS IN THE STUDENT LOAN REIMBURSEMENT TAX**  
8 **CREDIT FUND ESTABLISHED UNDER SUBSECTION (E) OF THIS SECTION.**

9           **(E) (1) IN THIS SUBSECTION, “FUND” MEANS THE STUDENT LOAN**  
10 **REIMBURSEMENT TAX CREDIT FUND ESTABLISHED UNDER PARAGRAPH (2) OF**  
11 **THIS SUBSECTION.**

12           **(2) THERE IS A STUDENT LOAN REIMBURSEMENT TAX CREDIT**  
13 **FUND.**

14           **(3) THE DEPARTMENT SHALL ADMINISTER THE FUND.**

15           **(4) THE PURPOSE OF THE FUND IS TO OFFSET THE COSTS OF THE TAX**  
16 **CREDIT AVAILABLE UNDER THIS SECTION.**

17           **(5) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**  
18 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

19           **(6) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,**  
20 **AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

21           **(7) THE FUND CONSISTS OF:**

22           **(I) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE**  
23 **FUND; AND**

24           **(II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**  
25 **FOR THE BENEFIT OF THE FUND.**

26           **(8) THE MONEY IN THE FUND SHALL BE INVESTED AND REINVESTED**  
27 **BY THE STATE TREASURER, AND INTEREST AND EARNINGS SHALL BE CREDITED TO**  
28 **THE GENERAL FUND OF THE STATE.**

29           **(9) (I) ON OR BEFORE JANUARY 15 EACH YEAR, THE DEPARTMENT**  
30 **SHALL NOTIFY THE COMPTROLLER AS TO THE TOTAL AMOUNT OF TAX CREDIT**

1 CERTIFICATES AWARDED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR.

2 (II) ON NOTIFICATION UNDER SUBPARAGRAPH (I) OF THIS  
3 PARAGRAPH, THE COMPTROLLER SHALL TRANSFER AN AMOUNT EQUAL TO THE  
4 TOTAL AMOUNT OF TAX CREDIT CERTIFICATES AWARDED DURING THE PRIOR  
5 TAXABLE YEAR TO THE GENERAL FUND OF THE STATE.

6 (10) THE SECRETARY OF COMMERCE SHALL SOLICIT PARTNERSHIPS  
7 WITH AND DONATIONS TO THE FUND FROM PRIVATE BUSINESSES.

8 (F) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE  
9 PROVISIONS OF THIS SECTION.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
11 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018.