

SENATE BILL 244

Q3, F2
HB 860/18 – W&M

9lr1011

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

Introduced and read first time: January 25, 2019

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 14, 2019

CHAPTER _____

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; limiting the total amount of credits
14 that may be awarded annually; requiring the Department, on or before a certain
15 date, to notify an applicant of the amount of a tax credit awarded; providing for the
16 total amount of tax credits that may be awarded each year; establishing the Student
17 Loan Reimbursement Tax Credit Fund as a special, nonlapsing fund; specifying the
18 purpose of the Fund; requiring the Department to administer the Fund; requiring
19 the State Treasurer to hold the Fund and the Comptroller to account for the Fund;
20 specifying the contents of the Fund; specifying the purpose for which the Fund may
21 be used; providing for the investment of money in and expenditures from the Fund;
22 requiring the Secretary of Commerce to solicit partnerships with and donations to
23 the Fund; requiring the Department to adopt certain regulations; defining certain
24 terms; providing for the application of this Act; and generally relating to an income
25 tax credit for certain student loan payments.

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 BY adding to
2 Article – Tax – General
3 Section 10–749
4 Annotated Code of Maryland
5 (2016 Replacement Volume and 2018 Supplement)

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

8 **Article – Tax – General**

9 **10–749.**

10 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
11 INDICATED.

12 (2) “COMMISSION” MEANS THE MARYLAND HIGHER EDUCATION
13 COMMISSION.

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

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

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

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

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

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

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

1 (I) GRADUATED FROM AN ACCREDITED INSTITUTION OF
2 HIGHER EDUCATION, AS DEFINED IN § 10-101 OF THE EDUCATION ARTICLE, WITH
3 AN ASSOCIATE, BACHELOR'S, GRADUATE, OR POSTGRADUATE DEGREE AND HAS
4 OUTSTANDING STUDENT LOAN DEBT INCURRED FROM ATTENDING THE
5 INSTITUTION;

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

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

9 1. ADVANCED MATHEMATICS OR FINANCE;

10 2. COMPUTER, INFORMATION, OR SOFTWARE
11 TECHNOLOGY;

12 3. ENGINEERING;

13 4. INDUSTRIAL DESIGN OR OTHER COMMERCIALY
14 RELATED DESIGN FIELD;

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

16 6. MEDICINE OR MEDICAL DEVICE TECHNOLOGY.

17 (2) THE APPLICATION SHALL STATE:

18 (I) THE INSTITUTION FROM WHICH THE APPLICANT
19 GRADUATED;

20 (II) THE DEGREE THE APPLICANT RECEIVED;

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

22 (IV) THE AMOUNT THE EMPLOYER PAID TO THE APPLICANT
23 DURING THE TAXABLE YEAR;

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

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

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

1 (VIII) ANY OTHER INFORMATION REQUIRED BY THE
2 DEPARTMENT.

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

4 1. JOINTLY REVIEW THE APPLICATIONS; AND

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

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

10 1. HAVE HIGHER DEBT-TO-INCOME RATIOS;

11 2. GRADUATED FROM AN INSTITUTION OF HIGHER
12 EDUCATION LOCATED IN THE STATE;

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

14 4. WERE ELIGIBLE FOR IN-STATE TUITION.

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

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

21 1. \$1,000 FOR AN APPLICANT WITH AN ASSOCIATE
22 DEGREE;

23 2. \$4,000 FOR AN APPLICANT WITH A BACHELOR'S
24 DEGREE; AND

25 3. \$6,000 FOR AN APPLICANT WITH A GRADUATE OR
26 POSTGRADUATE DEGREE.

27 (V) THE TOTAL AMOUNT OF CREDITS THAT MAY BE AWARDED
28 ANNUALLY MAY NOT EXCEED \$1,000,000.

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

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

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

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

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

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

16 **(2) THERE IS A STUDENT LOAN REIMBURSEMENT TAX CREDIT**
17 **FUND.**

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

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

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

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

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

26 **(I) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE**
27 **FUND; AND**

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

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

4 **(9) (I) ON OR BEFORE JANUARY 15 EACH YEAR, THE DEPARTMENT**
5 **SHALL NOTIFY THE COMPTROLLER AS TO THE TOTAL AMOUNT OF TAX CREDIT**
6 **CERTIFICATES AWARDED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR.**

7 **(II) ON NOTIFICATION UNDER SUBPARAGRAPH (I) OF THIS**
8 **PARAGRAPH, THE COMPTROLLER SHALL TRANSFER AN AMOUNT EQUAL TO THE**
9 **TOTAL AMOUNT OF TAX CREDIT CERTIFICATES AWARDED DURING THE PRIOR**
10 **TAXABLE YEAR TO THE GENERAL FUND OF THE STATE.**

11 **(10) THE SECRETARY OF COMMERCE SHALL SOLICIT PARTNERSHIPS**
12 **WITH AND DONATIONS TO THE FUND FROM PRIVATE BUSINESSES.**

13 **(F) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE**
14 **PROVISIONS OF THIS SECTION.**

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
16 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.