

# SENATE BILL 413

Q3, F2

01r0702

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By: **Senators Kramer, Feldman, Hayes, and West**

Introduced and read first time: January 27, 2020

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

27 BY adding to  
28 Article – Tax – General  
29 Section 10–751  
30 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2016 Replacement Volume and 2019 Supplement)

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

**Article – Tax – General**

**10–751.**

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

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

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

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

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

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

(5) “FUND” MEANS THE STUDENT LOAN REIMBURSEMENT TAX  
CREDIT FUND ESTABLISHED UNDER SUBSECTION (E) OF THIS SECTION.

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

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

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

(I) GRADUATED FROM AN ACCREDITED INSTITUTION OF

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

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

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

8 1. ADVANCED MATHEMATICS OR FINANCE;

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

11 3. ENGINEERING;

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

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

15 6. MEDICINE OR MEDICAL DEVICE TECHNOLOGY.

16 (2) THE APPLICATION SHALL STATE:

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

19 (II) THE DEGREE THE APPLICANT RECEIVED;

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

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

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

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

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

28 (VIII) ANY OTHER INFORMATION REQUIRED BY THE

1 DEPARTMENT.

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

3 1. JOINTLY REVIEW THE APPLICATIONS; AND

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

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

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

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

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

13 4. WERE ELIGIBLE FOR IN-STATE TUITION.

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

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

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

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

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

26 (V) THE TOTAL AMOUNT OF CREDITS THAT MAY BE AWARDED  
27 ANNUALLY FROM FUNDS IN THE FUND THAT WERE DEPOSITED UNDER SUBSECTION  
28 (E)(7)(I) OF THIS SECTION MAY NOT EXCEED \$1,000,000.

29 (D) (1) ON OR BEFORE DECEMBER 31 EACH YEAR, THE DEPARTMENT

1 SHALL NOTIFY THE APPLICANT OF THE AMOUNT OF ANY TAX CREDIT CERTIFICATE  
2 AWARDED.

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

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

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

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

12 (E) (1) THERE IS A STUDENT LOAN REIMBURSEMENT TAX CREDIT  
13 FUND.

14 (2) THE DEPARTMENT SHALL ADMINISTER THE FUND.

15 (3) THE PURPOSE OF THE FUND IS TO PAY FOR THE TAX CREDIT  
16 AVAILABLE UNDER THIS SECTION.

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

19 (5) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY.

20 (6) THE COMPTROLLER SHALL SEPARATELY ACCOUNT FOR THE  
21 FUND BASED ON DEPOSITS MADE TO THE FUND UNDER PARAGRAPH (7)(I) AND (II)  
22 OF THIS SUBSECTION.

23 (7) THE FUND CONSISTS OF:

24 (I) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE  
25 FUND; AND

26 (II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED  
27 FOR THE BENEFIT OF THE FUND.

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

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

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

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

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

13           **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July**  
14 **1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.**