

# HOUSE BILL 142

Q3, F2

1lr1127

(PRE-FILED)

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By: **Delegate Ivey**

Requested: October 24, 2020

Introduced and read first time: January 13, 2021

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Student Loan Debt Relief Tax Credit – Alterations**

3 FOR the purpose of increasing the amount of the Student Loan Debt Relief Tax Credit that  
4 certain individuals with a certain amount of student loan debt may claim against the  
5 State income tax; increasing the total amount of tax credits that the Maryland  
6 Higher Education Commission may approve in a taxable year; altering the definition  
7 of “qualified taxpayer” for the purposes of eligibility for the credit; providing for the  
8 application of this Act; and generally relating to the Student Loan Debt Relief Tax  
9 Credit.

10 BY repealing and reenacting, without amendments,  
11 Article – Tax – General  
12 Section 10–740(b) and (h)  
13 Annotated Code of Maryland  
14 (2016 Replacement Volume and 2020 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article – Tax – General  
17 Section 10–740(a) and (c)  
18 Annotated Code of Maryland  
19 (2016 Replacement Volume and 2020 Supplement)

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

22 **Article – Tax – General**

23 10–740.

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

3 (i) incurred [at least \$20,000 in] undergraduate or graduate  
4 student loan debt or both; and

5 (ii) has [at least \$5,000 in] outstanding undergraduate or graduate  
6 student loan debt or both when submitting an application under subsection (c) of this  
7 section.

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

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

13 (ii) The individual shall submit with the application an assurance  
14 that the individual will use any credit approved under this section for the repayment of the  
15 individual's undergraduate or graduate student loan debt or both as soon as practicable.

16 (iii) 1. The total amount of the credit claimed under this section  
17 shall be recaptured if the individual does not use the credit approved under this section for  
18 the repayment of the individual's undergraduate or graduate student loan debt or both  
19 within 2 years from the close of the taxable year for which the credit is claimed.

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

23 (2) By December 15 of each year the Commission shall certify to the  
24 individual the amount of any tax credit approved by the Commission under this section,  
25 not to exceed [~~\$5,000~~] **\$100,000**.

26 (3) For any taxable year, the total amount of credits approved by the  
27 Commission under this section may not exceed [~~\$9,000,000~~] **\$100,000,000**.

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

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

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
2   1, 2021, and shall be applicable to all taxable years beginning after December 31, 2020.