
By: Delegates Leopold, Bozman, McKee, Finifter, Beck, Rzepkowski, Ports, Greenip, and Cryor

Requested: August 7, 1996

Introduced and read first time: January 8, 1997

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 Income Tax - Subtraction Modification for Interest on Student Loans

3 FOR the purpose of providing a subtraction modification under certain circumstances
4 under the Maryland individual income tax for certain interest paid on indebtedness
5 incurred to pay certain costs for an individual or a dependent of an individual to
6 attend an institution of higher education in the State; providing for the application
7 of this Act; and generally relating to a subtraction modification under the income
8 tax for certain interest paid on indebtedness incurred to pay certain costs for higher
9 education of an individual or the individual's dependents.

10 BY repealing and reenacting, without amendments,

11 Article - Tax - General
12 Section 10-208(a)
13 Annotated Code of Maryland
14 (1988 Volume and 1996 Supplement)

15 BY adding to

16 Article - Tax - General
17 Section 10-208(l)
18 Annotated Code of Maryland
19 (1988 Volume and 1996 Supplement)

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

22 **Article - Tax - General**

23 10-208.

24 (a) In addition to the modification under § 10-207 of this subtitle, the amounts
25 under this section are subtracted from the federal adjusted gross income of a resident to
26 determine Maryland adjusted gross income.

27 (L) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, IF
28 THE TOTAL TUITION, FEES, ROOM, AND BOARD PAID BY THE INDIVIDUAL DURING

2

1 THE TAXABLE YEAR FOR THE INDIVIDUAL OR DEPENDENTS OF THE INDIVIDUAL TO
2 ATTEND AN INSTITUTION OF HIGHER EDUCATION IN THE STATE EXCEED 25% OF
3 THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME, THE SUBTRACTION UNDER
4 SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT OF INTEREST PAID ON
5 INDEBTEDNESS INCURRED TO PAY THE TUITION, FEES, ROOM, AND BOARD.

6 (2) IF THE INDIVIDUAL ITEMIZES DEDUCTIONS UNDER THIS SUBTITLE,
7 THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS SUBSECTION DOES NOT
8 INCLUDE ANY INTEREST THAT IS QUALIFIED RESIDENCE INTEREST UNDER § 163 OF
9 THE INTERNAL REVENUE CODE.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 1997 and shall be applicable to all taxable years beginning after December 31,
12 1996.