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**By: Senator Haines**

Introduced and read first time: January 29, 1997

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **State and Local Income Tax Credit for Tuition Paid for Private Elementary and**  
3 **Secondary Education**

4 FOR the purpose of providing a credit against the Maryland State and county income  
5 taxes for certain tuition paid to a private institution of elementary or secondary  
6 education in the State; providing for the application of this Act; and generally  
7 relating to an income tax credit for tuition paid to a private institution of elementary  
8 or secondary education in the State.

9 BY adding to

10 Article - Tax - General  
11 Section 10-706(d) and 10-708  
12 Annotated Code of Maryland  
13 (1988 Volume and 1996 Supplement)

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

16 **Article - Tax - General**

17 10-706.

18 (D) (1) A CREDIT UNDER § 10-708 OF THIS SUBTITLE IS ALLOWED AGAINST  
19 THE STATE INCOME TAX AND THE COUNTY INCOME TAX AS PROVIDED IN § 10-708 OF  
20 THIS SUBTITLE.

21 (2) THE COUNTY INCOME TAX IS BASED ON THE AMOUNT OF STATE  
22 INCOME TAX BEFORE THE STATE INCOME TAX IS REDUCED BY THE CREDIT UNDER  
23 § 10-708 OF THIS SUBTITLE.

24 10-708.

25 (A) IN THIS SECTION:

26 (1) "PRIVATE INSTITUTION OF ELEMENTARY OR SECONDARY  
27 EDUCATION" MEANS AN INSTITUTION, OTHER THAN A SCHOOL IN THE PUBLIC  
28 ELEMENTARY AND SECONDARY EDUCATION SYSTEM OF THE STATE, THAT  
29 PROVIDES EDUCATION AND PROGRAMS OF EDUCATION FROM AND INCLUDING  
30 KINDERGARTEN THROUGH THE END OF HIGH SCHOOL OR THEIR EQUIVALENT; AND

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1                   (2) "PRIVATE INSTITUTION OF ELEMENTARY OR SECONDARY  
2 EDUCATION" INCLUDES AN INSTITUTION OF ELEMENTARY OR SECONDARY  
3 EDUCATION OPERATED BY A BONA FIDE RELIGIOUS ORGANIZATION.

4                   (B) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN  
5 INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE INCOME TAX FOR THE AMOUNT  
6 OF TUITION PAID DURING THE TAXABLE YEAR BY THE INDIVIDUAL TO A PRIVATE  
7 INSTITUTION OF ELEMENTARY OR SECONDARY EDUCATION LOCATED IN THE  
8 STATE FOR THE EDUCATION OF A DEPENDENT OF THE INDIVIDUAL.

9                   (2) OF THE CREDIT ALLOWED UNDER THIS SECTION:

10                   (I) ONE-HALF SHALL BE ALLOWED AS A CREDIT AGAINST THE  
11 STATE INCOME TAX ONLY; AND

12                   (II) ONE-HALF SHALL BE ALLOWED AS A CREDIT AGAINST THE  
13 COUNTY INCOME TAX ONLY.

14                   (C) FOR EACH STUDENT, THE MAXIMUM CREDIT ALLOWED UNDER THIS  
15 SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED:

16                   (1) \$500 AGAINST THE STATE INCOME TAX; AND

17                   (2) \$500 AGAINST THE COUNTY INCOME TAX.

18                   (D) FOR EACH RETURN FOR ANY TAXABLE YEAR:

19                   (1) THE AMOUNT OF THE CREDIT ALLOWED AGAINST THE STATE  
20 INCOME TAX MAY NOT EXCEED THE STATE INCOME TAX FOR THAT TAXABLE YEAR;  
21 AND

22                   (2) THE AMOUNT OF THE CREDIT ALLOWED AGAINST THE COUNTY  
23 INCOME TAX MAY NOT EXCEED THE COUNTY INCOME TAX FOR THAT TAXABLE  
24 YEAR.

25                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 July 1, 1997 and shall be applicable to all taxable years beginning after December 31,  
27 1997.