

SENATE BILL 605

Unofficial Copy
Q3
SB 427/97 - B&T

1999 Regular Session
9lr0365

By: **Senator Haines**

Introduced and read first time: February 5, 1999

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State and Local Income Tax Credit for Tuition Paid for Private Elementary**
3 **and 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
8 elementary or secondary education in the State.

9 BY adding to
10 Article - Tax - General
11 Section 10-706(d) and 10-712
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 1998 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 § 10-712 OF THIS SUBTITLE IS ALLOWED AGAINST
19 THE STATE INCOME TAX AND THE COUNTY INCOME TAX AS PROVIDED IN § 10-712 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 10-712 OF THIS SUBTITLE.

24 10-712.

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

1 ELEMENTARY AND SECONDARY EDUCATION SYSTEM OF THE STATE, THAT PROVIDES
2 EDUCATION AND PROGRAMS OF EDUCATION FROM AND INCLUDING KINDERGARTEN
3 THROUGH THE END OF HIGH SCHOOL OR THEIR EQUIVALENT; AND

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

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

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

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

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

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

19 (1) \$500 AGAINST THE STATE INCOME TAX; AND

20 (2) \$500 AGAINST THE COUNTY INCOME TAX.

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

22 (1) THE AMOUNT OF THE CREDIT ALLOWED AGAINST THE STATE
23 INCOME TAX MAY NOT EXCEED THE STATE INCOME TAX FOR THAT TAXABLE YEAR;
24 AND

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

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,
29 1999.