

SENATE BILL 882

Q3

6lr1432

By: Senator Kramer

Introduced and read first time: February 6, 2026

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Student Loan Debt of Educators Working in Public**
3 **Schools**

4 FOR the purpose of authorizing a credit against the State income tax for certain individuals
5 who are employed full-time in a public primary or secondary school in the State and
6 have outstanding student loan debt; and generally relating to an income tax credit
7 for student loans.

8 BY repealing and reenacting, without amendments,

9 Article – Education
10 Section 10–101(h)
11 Annotated Code of Maryland
12 (2022 Replacement Volume and 2025 Supplement)

13 BY adding to

14 Article – Tax – General
15 Section 10–758
16 Annotated Code of Maryland
17 (2022 Replacement Volume and 2025 Supplement)

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

20 **Article – Education**

21 10–101.

22 (h) (1) “Institution of higher education” means an institution of postsecondary
23 education that generally limits enrollment to graduates of secondary schools, and awards
24 degrees at either the associate, baccalaureate, or graduate level.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2) "Institution of higher education" includes public, private nonprofit, and for-profit institutions of higher education.

Article – Tax – General

4 10-758.

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

7 (2) "COMMISSION" MEANS THE MARYLAND HIGHER EDUCATION
8 COMMISSION.

9 (3) "ELIGIBLE INDIVIDUAL" MEANS AN INDIVIDUAL WHO:

10 (I) IS EMPLOYED FULL-TIME IN A PUBLIC PRIMARY OR
11 SECONDARY SCHOOL IN THE STATE:

12 (II) PARTICIPATES IN THE CAREER LADDER ESTABLISHED
13 UNDER TITLE 6, SUBTITLE 10 OF THE EDUCATION ARTICLE; AND

(III) HAS OUTSTANDING STUDENT LOAN DEBT.

15 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN ELIGIBLE
16 INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN
17 ACCORDANCE WITH SUBSECTIONS (C) AND (D) OF THIS SECTION.

22 (C) (1) (I) ON OR BEFORE DECEMBER 1 EACH YEAR, AN ELIGIBLE
23 INDIVIDUAL MAY APPLY TO THE COMMISSION FOR THE TAX CREDIT AUTHORIZED
24 UNDER THIS SECTION.

25 (II) AN ELIGIBLE INDIVIDUAL SHALL CERTIFY TO THE
26 COMMISSION THAT THE ELIGIBLE INDIVIDUAL WILL APPLY THE VALUE OF ANY
27 CREDIT APPROVED UNDER THIS SECTION FOR THE REPAYMENT OF THE ELIGIBLE
28 INDIVIDUAL'S UNDERGRADUATE OR GRADUATE STUDENT LOAN DEBT OR BOTH AS
29 PRACTICABLE.

30 (2) THE APPLICATION SHALL STATE:

1 (I) THE HIGH SCHOOL AND INSTITUTION OF HIGHER
2 EDUCATION FROM WHICH THE ELIGIBLE INDIVIDUAL GRADUATED;

3 (II) THE DEGREE THE ELIGIBLE INDIVIDUAL RECEIVED;

4 (III) THE EMPLOYER FOR WHICH THE ELIGIBLE INDIVIDUAL
5 WORKS;

6 (IV) THE AMOUNT OF THE ELIGIBLE INDIVIDUAL'S STUDENT
7 LOAN DEBT; AND

8 (V) ANY OTHER INFORMATION REQUIRED BY THE COMMISSION.

17 **2. THE COMMISSION SHALL AWARD THE REMAINING**
18 **AMOUNT AVAILABLE UNDER SUBPARAGRAPH (IV) OF THIS PARAGRAPH TO ELIGIBLE**
19 **INDIVIDUALS REGARDLESS OF:**

25 (III) AN ELIGIBLE INDIVIDUAL MAY NOT RECEIVE A TAX CREDIT
26 CERTIFICATE IF THE APPLICANT PREVIOUSLY RECEIVED A TAX CREDIT
27 CERTIFICATE UNDER THIS SECTION

28 (iv) THE TOTAL AMOUNT OF TAX CREDIT CERTIFICATES THAT
29 MAY BE AWARDED ANNUALLY MAY NOT EXCEED THE GREATER OF \$5,000,000.

30 (D) (1) ON OR BEFORE DECEMBER 31 EACH YEAR, THE DEPARTMENT
31 SHALL NOTIFY THE ELIGIBLE INDIVIDUAL OF THE AMOUNT OF A TAX CREDIT
32 CERTIFICATE AWARDED TO THE ELIGIBLE INDIVIDUAL.

3 (II) SUBJECT TO SUBPARAGRAPHS (III), (IV), AND (V) OF THIS
4 PARAGRAPH, THE ELIGIBLE INDIVIDUAL MAY CLAIM A CREDIT EQUAL TO ONE-FIFTH
5 OF THE TOTAL AMOUNT STATED ON THE TAX CREDIT CERTIFICATE FOR 5
6 CONSECUTIVE TAXABLE YEARS.

13 (IV) IF AN INDIVIDUAL DOES NOT COMPLY WITH THE
14 REQUIREMENT OF SUBPARAGRAPH (III) OF THIS PARAGRAPH, THE COMMISSION
15 SHALL RESCIND THE TAX CREDIT CERTIFICATE.

16 (v) AN INDIVIDUAL MAY NOT CLAIM THE TAX CREDIT UNDER
17 THIS SECTION IN THE SAME TAXABLE YEAR AS A TAX CREDIT UNDER § 10-740 OF
18 THIS SUBTITLE.

19 (VI) 1. THE TOTAL AMOUNT OF THE CREDIT CLAIMED UNDER
20 THIS SECTION SHALL BE RECAPTURED IF THE INDIVIDUAL DOES NOT USE THE
21 CREDIT APPROVED UNDER THIS SECTION FOR THE REPAYMENT OF THE
22 INDIVIDUAL'S UNDERGRADUATE OR GRADUATE STUDENT LOAN DEBT OR BOTH
23 WITHIN 3 YEARS FROM THE CLOSE OF THE TAXABLE YEAR FOR WHICH THE CREDIT
24 IS CLAIMED.

32 (1) THE NUMBER OF ELIGIBLE INDIVIDUALS WHO APPLIED FOR THE
33 CREDIT;

(2) THE TOTAL AMOUNT OF TAX CREDIT CERTIFICATES ISSUED;

**(3) THE HIGH SCHOOL AND INSTITUTION OF HIGHER EDUCATION
WITH EACH ELIGIBLE INDIVIDUAL GRADUATED;**

(4) THE EMPLOYER FOR WHICH EACH ELIGIBLE INDIVIDUAL WORKS;

(5) THE AVERAGE AMOUNT OF STUDENT LOAN DEBT OF THE ELIGIBLE
S;

(6) THE TOTAL NUMBER OF TAX CREDIT CERTIFICATES RESCINDED;

8 AND

(7) AN ANALYSIS OF THE IMPACT OF THE TAX CREDIT PROVIDED

10 UNDER THIS SECTION ON THE RECRUITMENT AND RETENTION OF TEACHERS IN THE

11 STATE.

(F) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE

13 PROVISIONS OF THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1925.

15 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.