



**SB 805 - Income Tax - Student Loan Debt Relief Tax Credit - Alterations**  
**Senate Budget & Taxation Committee**  
**March 3, 2026**  
**SUPPORT**

Chair Guzzone, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 805. This bill strengthens Maryland's Student Loan Debt Relief Tax Credit by making repayment fairer and allowing deadline extensions when federal repayment system issues prevent borrowers from using the credit as intended.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Each year, we see how complex tax provisions and shifting federal loan policies create confusion and unintended penalties for working families. SB 805 reflects a practical understanding of how these systems intersect and how strict repayment rules can undermine the purpose of financial relief.

For low- and moderate-income individuals, particularly those balancing complex federal repayment plans or facing administrative barriers, SB 805 reduces the risk of losing a tax benefit that was meant to provide relief. By making recapture rules more targeted and by offering a clear path for extensions, the bill strengthens the effectiveness of the tax credit and supports Maryland families working to manage student loan debt.

These borrowers are also less likely to have savings to absorb unexpected state tax liabilities. When relief programs include rigid deadlines without flexibility for federal disruptions, the households in most need of stability are exposed to additional financial risk. SB 805 promotes predictability and fairness, which are foundational to asset building and long-term financial security.

According to the national study, more than 125,000 current and former Maryland students may collectively owe their schools over \$332 million, for an average of more than \$2,600 per student.<sup>1</sup> Maryland has invested in policies that encourage upward mobility and responsible repayment. Ensuring that borrowers are not penalized for federal administrative delays protects that investment. SB 805 is a targeted adjustment that preserves the integrity of the credit while safeguarding working families who are acting in good faith to repay their loans.

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<sup>1</sup> <https://sr.ithaka.org/blog/a-state-by-state-snapshot-of-stranded-credits-data-and-policy/>



**Thus, we encourage you to return a favorable report for SB 805.**

*Creating Assets, Savings and Hope*