



MARYLAND
CATHOLIC
CONFERENCE

February 27, 2026

SB 329

Education - Certification of Scholarship Granting Organizations (Opting in on Opportunity Act)

Senate Education, Energy & the Environment Committee

Position: INFORMATION ONLY

The Maryland Catholic Conference offers this informational testimony for Senate Bill 329. The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals and numerous charities combine to form our state's second largest social service provider network, behind only our state government. We also offer this testimony on behalf of the families of approximately 50,000 students served by over 150 PreK-12 Catholic schools in Maryland.

The Governor of Maryland should opt Maryland in to the federal education tax credit under § 25R of the Internal Revenue Code. This is an undisputable proposition, especially where A.) it costs the State of Maryland *zero dollars to opt into*, B.) the opportunity is for the *benefit of public, charter and nonpublic school students*; and C.) if Maryland does not opt in, Maryland dollars will leave Maryland for the benefit of students in other states.

By way of background, the new § 25R of the Internal Revenue Code was authorized in 2025, which could enable hundreds of millions of education dollars to flow to Maryland students. This tax credit allows individuals to receive a tax credit of up to \$1,700 on their federal tax return as an incentive to donating to a scholarship granting organizations, including public LEA foundations, for example. Those organizations can then give the funding to public, private and charter school students for educational expenses such as special education, tutoring, school tuition, summer and afterschool programs, and education technology. The Governor of each state must "opt in" to this opportunity formally through the IRS.

The Conference thus supports Senate Bill 329 whole-heartedly on a macro policy level. However, the structure of the bill presents some concerns. The federal education tax credit law dictates that the governor of each state shall make the election to opt their state in, something a majority of Governors nationwide have already formally done.

That federal law however makes no mention of state agencies or cabinet positions such as departments of education or state comptrollers. That is a fundamental flaw with Senate Bill 329. No authority or oversight of the Maryland State Department of Education or the state comptroller is allowed by federal law. It is entirely unnecessary to burden our state officials with a federal tax credit run by the Internal Revenue Service, particularly one that costs the state nothing to participate in.

For these reasons, we support the overall aim of opting Maryland into the federal education tax credit, but do not support the other provisions of this legislation for the reasons stated herein. Thank you for your consideration of this statement of information.

A Few Supplemental Notes on the Federal Education Tax Credit

Here are a few noteworthy pieces of information on the federal education tax credit authorized by § 25R of the Internal Revenue Code:

- Democrats for Education Reform have estimated that, based on a mere 30% Maryland taxpayer participation, Maryland students could receive some \$550 million in education funding if Maryland were to opt in.
- A majority of Governors nationwide have already formally opted into this plan.
- This opportunity is widely supported by Maryland voters. Recent Gonzalez polling showed 78% support for Maryland opting into the the Federal Scholarship Tax Credit. This included 80% support by registered Democrats, 76% support by registered Republicans: 76% and 74% support by Independents. This support also included 80% support by Black voters and 77% support by White voters.