



## Summary of Bill

*Sponsored by Delegate April Miller*

**Allows Marylanders to take advantage of a federal tax credit. Expands education opportunities for both public and private school students without raising taxes or affecting Maryland's education funding.** If Maryland doesn't opt in, no Maryland nonprofit can be listed as a qualified Scholarship Granting Organization (SGO), so gifts to Maryland non-profits wouldn't qualify for the credit. However, Marylanders could still claim the federal \$1,700 credit by donating to an SGO in another state. Scholarships funded by those donations must be given to students living in the other state and cannot be given to Maryland students.

**Example:** If Maryland opts in, if your federal tax bill was \$5,000, and you had donated \$1,000 to a Maryland scholarship granting organization, your adjusted federal tax would be \$4,000. Your Maryland taxes would remain unchanged.

### Key Points

- Allows Maryland taxpayers to **claim up to \$1,700 in federal tax credits** for their contributions to non-profits that are Scholarship Granting Organizations (SGOs).
- Applies to **both public and private school students**, with a focus on K-12 students from households earning up to 300% of their county's median income
- Has **no effect on Maryland's budget** or education funding.
- If Maryland does not opt in, **Maryland SGOs will lose out on donations** from Maryland donors who will not receive favorable tax treatment. Marylanders will be incentivized to give to out-of-state nonprofits, reducing funds that could have gone to Maryland's students

### How It Works

- This tax credit is **authorized by federal law**, but requires states to opt in. It allows you to deduct up to \$1,700 from your **federal tax bill**. ([See the bill text here.](#))
- Scholarships can be used for **tuition, tutoring, books, technology**, and other approved education expenses, by **both public and private school** students.
- The legislation **ensures accountability**: SGOs must spend at least 90% of contributions on scholarships, serve multiple schools, and report annually to the Maryland State Department of Education.

## Rebutting the Maryland State Education Association’s Claims

The Maryland State Teachers Association recently published an inaccurate article about the \$1,700 federal tax credit opt-in bill introduced by Delegate April Miller.<sup>1</sup>

1. **It does NOT affect Maryland’s education revenues.** This proposal recognizes changes in the *federal* tax code. It has **no effect** on Maryland’s tax code, budget, or the Blueprint for Maryland’s Future funding.
2. **It is NOT a voucher program.** The credit applies to **donations to nonprofit organizations**, not to government-run voucher programs. These non-profits may support students in **public and private schools, and through tutoring, providing equipment, and other supplies.**
3. **It allows Marylanders to reduce their federal tax bill by converting a tax deduction to a tax credit.** Other common tax credits—Child Tax Credit (\$2000 per child), American Opportunity Tax Credit (\$2500 per child), Lifetime Learning Credit (\$2000), Adoption Tax Credit (\$17,280 per child), and the Clean Energy Tax Credit (\$7500 for a new electric vehicle)—**are larger than this credit.**

Category	Before Maryland Opts In	After Maryland Opts In
Tax Bill Reduced By (based on \$1,700 donation)	<b>\$200–\$600</b> (depending on tax bracket)	<b>Up to \$1,700</b> (but not more than your tax owed)
Type of Calculation	<b>Deduction</b> to adjusted gross income	<b>Tax credit</b>

4. **Opting in encourages donations to Maryland non-profits.** The credit benefits Marylanders who support Maryland nonprofits that fund student scholarships, tutoring, and educational programs — including those helping **public school students.**
5. **Not opting in encourages out-of-state donations.** If Maryland does not opt in, Marylanders can still get this tax credit by **sending their donations to out-of-state non-profits**, which reduces funds for Maryland’s non-profits and the students they help. If Maryland does not opt in, Marylanders who donate to a Maryland non-profit cannot claim this federal tax credit, reducing their incentive to donate.

MSEA Claim	Reality
“Trump’s voucher scheme takes from 90% of students to enrich private schools.”	That’s simply false — this program helps <b>both public and private</b> school students. All families can use scholarships for tutoring, special-needs support, after-school programs, or private tuition. It’s about helping every child learn in the way that works best for them.
“The plan perpetuates the subsidy of private schools while taking public money from public school students.”	The MSEA’s article <b>completely misunderstands</b> how a federal tax credit works. Public school students can receive donations through this program.
“The program could direct \$30–50 billion per year... more than Title I and IDEA combined.”	False. The nonpartisan Joint Committee on Taxation found the entire credit costs about <b>\$20 billion over ten years</b> — roughly <b>0.04%</b> of the federal budget — and it doesn’t take a penny from education programs. It’s a small tax incentive that helps students through private donations, not a raid on school funding.
“Every student deserves fully funded neighborhood public schools.”	Absolutely — and this program doesn’t change that one bit. The \$1,700 scholarship credit is a federal tax incentive, not a cut to Maryland’s education funding. <b>Every dollar for Maryland’s schools under the Blueprint stays exactly the same.</b> This simply invites private donors to do more good for more kids.
“Maryland leaders should not opt in to this destructive scheme.”	There’s nothing destructive about helping families. This is a voluntary, federally funded program that costs Maryland taxpayers nothing and harms no public school. It simply gives families more ways to support learning. Maryland leaders should welcome opportunities that help students — not block them.

<sup>1</sup> [Federal Voucher Scheme Threatens Public Schools - Maryland State Education Association](#)

# Maryland Education Scholarship Granting Organization Act of 2026

## Draft Bill Text

HOUSE BILL \_\_\_\_

SENATE BILL \_\_\_\_

AN ACT concerning  
Maryland Education Scholarship Granting Organization Act of 2026

FOR the purpose of authorizing the State of Maryland to participate in the federal education scholarship tax credit program established under the One Big Beautiful Bill Act; providing for the certification and regulation of Scholarship Granting Organizations; establishing oversight, reporting, and transparency requirements; and generally relating to education scholarship tax credits.

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That:

§ 1.01. Short Title.

This Act shall be known as the “Maryland Education Scholarship Granting Organization Act of 2026.”

§ 1.02. Definitions.

(a) “Department” means the Maryland State Department of Education (MSDE).

(b) “Scholarship Granting Organization” or “SGO” means a nonprofit organization certified under this Act that meets federal eligibility requirements pursuant to 26 U.S.C. § 25E.

(c) “Eligible student” means a student:

(1) Enrolled in kindergarten through grade 12; and

(2) Whose household income does not exceed 300% of the median income for the county in which the student resides.

(d) “Scholarship” means a grant awarded by an SGO for qualifying education expenses, including tuition, fees, tutoring, special needs services, instructional materials, transportation, or technology.

§ 1.03. State Participation.

(a) The State of Maryland hereby opts in to the federal education scholarship tax credit program established under the One Big Beautiful Bill Act.

(b) The Department is designated as the state authority to:

(1) Approve and certify SGOs operating in Maryland; and

(2) Annually submit to the United States Department of the Treasury a list of approved SGOs for purposes of the federal tax credit.

§ 1.04. Scholarship Granting Organizations.

(a) To be certified, an SGO shall:

(1) Be organized as a nonprofit corporation under the laws of this State and exempt from taxation under § 501(c)(3) of the Internal Revenue Code;

(2) Provide scholarships to at least 10 eligible students attending more than one school;

(3) Use at least 90% of annual contributions for scholarships;

- (4) Prohibit earmarking of contributions for a specific student;
  - (5) Maintain scholarship funds in a separate account; and
  - (6) Conduct income verification for all scholarship recipients.
- (b) An SGO shall submit to the Department an annual audited financial statement and program report demonstrating compliance with this section.

§ 1.05. Oversight and Transparency.

- (a) The Department shall publish an annual public report listing:
- (1) The number of scholarships awarded by each SGO;
  - (2) The average and median scholarship amounts; and
  - (3) The schools attended by scholarship recipients.
- (b) The Department may adopt regulations necessary to carry out this Act, including rules governing reporting, accountability, and penalties for noncompliance.

§ 1.06. Administration.

- (a) The Comptroller shall publish guidance for taxpayers regarding the claiming of the federal \$1,700 tax credit for contributions to SGOs.
- (b) The Comptroller may coordinate with the Department to verify SGO certification and compliance.

§ 1.07. Severability.

If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026.

