



February 26, 2026

HB 930

Income Tax – Decoupling From Federal Changes – Education Expenses

House Ways & Means Committee

Position: UNFAVORABLE

The Maryland Catholic Conference offers this testimony in opposition to House Bill 930. 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.

House Bill 930 would prohibit the governor from opting Maryland into the new federal education tax credit program, recently enacted for the benefit of public and nonpublic students. Here are three key points of utmost importance relative to the federal education tax credit:

- 1.) It costs the State of Maryland *zero dollars to opt into*;
- 2.) Is for the *benefit of public, charter and nonpublic school students*; and
- 3.) 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 for 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.

This legislation attempts to take away a right vested in the governor of each state by federal law. Despite be legally questionable at best, this legislation is an unnecessary attempt to forgo hundreds of millions of dollars for Maryland students, particularly the public school students that will be helped by this funding, out of ideological bias. ***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 and 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.

“(t)he overall education of children is a “most serious duty” and at the same time a “primary right” of parents. This is not just a task or a burden, but an essential and inalienable right that parents are called to defend and of which no one may claim to deprive them. The State offers educational programmes in a subsidiary way, supporting the parents in their indeclinable role; parents themselves enjoy the right to choose freely the kind of education – accessible and of good quality....”

- Pope Francis, *Amoris Laetitia*, 2016

Education is not a one-size-fits-all endeavor, which is why parents should choose the education best suited to their children. Sometimes that is a public school, and other times, a charter or nonpublic school. The federal education tax credit empowers education organizations, including LEA foundations, to raise funds that can provide for special education, tutoring, summer and afterschool programs, education technology and the like. Parents can supplement their children’s education to the best of their needs through this funding and in a diversity of ways.

This bill would also would take away the ability of parents and students to use funds contributed to 529 savings plans for K-12 education expenses, and would remove the incentives for parents, grandparents and other family members to save for a child’s K-12 education expenses. Education savings plans authorized by federal law (§ 529 of the Internal Revenue Code) can be used for K-12 elementary and secondary education expenses, as well as college. Maryland families have been able to use these savings accounts, which allow for tax-free investment growth and distribution, for elementary and secondary education since 2018. Maryland’s 529 Savings Program helps students and families save and pay for educational expenses and this longstanding benefit should not be ripped away from them.

These programs present federal benefits for our Maryland students. For this legislative body to attempt to undo that, particularly when Maryland is looking for every education dollar it can find, is unconscionable. It is for these reasons that we urge this committee to issue an unfavorable report for House Bill 930.