

FAVORABLE
Senate Bill 805
Income Tax - Student Loan Debt Relief Tax Credit - Alterations

House Ways & Means Committee
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The Maryland State Education Association supports Senate Bill 805, which would authorize the Maryland Higher Education Commission to extend the deadline for certain individuals who claim a student loan debt-related credit against the State income tax to prove that they used the credit as intended. This is designed to accommodate individuals affected by federal actions, litigation, or understaffing, including those seeking income-based repayment plans or participating in the Public Service Loan Forgiveness program.

MSEA represents 75,000 educators and school employees who work in Maryland's public schools, teaching and preparing our almost 900,000 students for the careers and jobs of the future. MSEA also represents 44 local affiliates in every county across the state of Maryland, and our parent affiliate is the 3-million-member National Education Association (NEA).

The dismantling of the U.S. Department of Education and the uncertainty surrounding the future of federal loan repayment programs has had devastating effects on public schools and educators themselves. According to a 2020 survey of educators working in pre-K-12 and higher education settings, 45% of educators report having taken out student loans at an average overall amount of \$55,800.¹ Increasing tuition prices compound the effects for educators under 35 years old: 42% of young educators took out at least \$65,000 in loans to fund their own education.² Educators comprise the largest share of participants in the Public Service Loan Forgiveness (PSLF) program. A January 2025 report by the U.S. Department of Education reports that K-12 school systems or institutions of higher education make up 43% of the employers of PSLF program participants.³ This bill would adjust our state's approach to documenting eligibility for student loan tax credits to ensure that these educators are not penalized for dysfunction at the federal level.

We urge the committee to issue a favorable report on Senate Bill 805.

¹ Student Loan Debt Among Educators: A National Crisis. National Education Association (2021).
<https://www.nea.org/sites/default/files/2021-07/Student%20Loan%20Debt%20among%20Educators.pdf>

² Ibid.

³ Where Do Borrowers Who Benefit from Public Service Loan Forgiveness Work? U.S. Department of Education (2025).
<https://www.nea.org/sites/default/files/2025-03/where-do-borrowers-who-benefit-from-pslf-work.pdf>