

HOUSE BILL 1033

Q3

7lr0429

By: **Delegates Flanagan, Carozza, Malone, McComas, W. Miller, and Rose**

Introduced and read first time: February 8, 2017

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Discharged Student Loan Debt**

3 FOR the purpose of allowing a subtraction modification under the Maryland income tax for
4 certain income of certain individuals resulting from the discharge of student loan
5 indebtedness; providing that the amount of the subtraction modification may not
6 exceed a certain amount for certain taxpayers; requiring an individual to submit
7 certain documentation to qualify for the subtraction modification; prohibiting an
8 individual from claiming the subtraction modification under certain circumstances;
9 providing for the application of this Act; and generally relating to a subtraction
10 modification under the Maryland income tax for certain income resulting from the
11 discharge of certain indebtedness.

12 BY repealing and reenacting, without amendments,
13 Article – Tax – General
14 Section 10–207(a) and (aa)
15 Annotated Code of Maryland
16 (2010 Replacement Volume and 2016 Supplement)

17 BY adding to
18 Article – Tax – General
19 Section 10–207(ee)
20 Annotated Code of Maryland
21 (2010 Replacement Volume and 2016 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
23 That the Laws of Maryland read as follows:

24 **Article – Tax – General**

25 10–207.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(a) To the extent included in federal adjusted gross income, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.

(aa) (1) The subtraction under subsection (a) of this section includes the amount of student loan indebtedness discharged due to total and permanent disability or death.

(2) To qualify for the subtraction modification provided under this subsection, an individual must attach to the individual's income tax return or otherwise file with Comptroller a copy of the notice stating that the loans have been discharged due to total and permanent disability or death.

(EE) (1) SUBJECT TO THE LIMITATIONS OF THIS SUBSECTION, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT OF STUDENT LOAN INDEBTEDNESS DISCHARGED.

(2) THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY NOT EXCEED:

(I) \$50,000 FOR AN INDIVIDUAL; OR

(II) \$100,000 FOR A MARRIED COUPLE FILING A JOINT RETURN.

(3) TO QUALIFY FOR THE SUBTRACTION MODIFICATION PROVIDED UNDER THIS SUBSECTION, AN INDIVIDUAL MUST ATTACH TO THE INDIVIDUAL'S INCOME TAX RETURN OR OTHERWISE FILE WITH THE COMPTROLLER A COPY OF THE NOTICE STATING THAT THE LOANS HAVE BEEN DISCHARGED.

(4) AN INDIVIDUAL MAY NOT CLAIM THE SUBTRACTION MODIFICATION PROVIDED UNDER THIS SUBSECTION IF THE INDIVIDUAL CLAIMS THE SUBTRACTION MODIFICATION UNDER SUBSECTION (AA) OF THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017, and shall be applicable to all taxable years beginning after December 31, 2016.