

HOUSE BILL 440

Q3, F2
HB 1274/09 – W&M

1lr1564

By: **Delegates Mizeur and Rosenberg**
Introduced and read first time: February 4, 2011
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Janet L. Hoffman Loan Assistance Repayment Program – Exemption from**
3 **Taxation**

4 FOR the purpose of providing a subtraction from the federal adjusted gross income of
5 a resident to determine Maryland adjusted gross income for amounts received
6 by an individual under the Janet L. Hoffman Loan Assistance Repayment
7 Program; requiring the Maryland Higher Education Commission to examine the
8 feasibility of restructuring the Janet L. Hoffman Loan Assistance Repayment
9 Program as a loan program under which loans qualifying for certain special
10 federal income tax treatment would be made and certain indebtedness would be
11 discharged under circumstances such that the amount of the indebtedness
12 discharged would be excluded from gross income for federal income tax
13 purposes; requiring the Commission to obtain certain advice from the Attorney
14 General and, under certain circumstances, to obtain certain approvals, rulings,
15 opinions, or confirmations from the Internal Revenue Service; requiring the
16 Commission to report on or before a certain date to the Governor and the
17 General Assembly on the feasibility of restructuring the Program; providing for
18 the application of certain provisions of this Act; and generally relating to
19 exemption from taxation for amounts received under the Janet L. Hoffman Loan
20 Assistance Repayment Program.

21 BY repealing and reenacting, without amendments,
22 Article – Tax – General
23 Section 10–207(a)
24 Annotated Code of Maryland
25 (2010 Replacement Volume)

26 BY adding to
27 Article – Tax – General
28 Section 10–207(y)
29 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 (2010 Replacement Volume)

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

4 **Article – Tax – General**

5 10–207.

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

9 **(Y) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**
10 **INCLUDES ANY AMOUNT RECEIVED BY AN INDIVIDUAL UNDER THE JANET L.**
11 **HOFFMAN LOAN ASSISTANCE REPAYMENT PROGRAM ESTABLISHED UNDER**
12 **TITLE 18, SUBTITLE 15 OF THE EDUCATION ARTICLE.**

13 SECTION 2. AND BE IT FURTHER ENACTED, That:

14 (a) In this section, “Program” means the Janet L. Hoffman Loan Assistance
15 Repayment Program under Title 18, Subtitle 15 of the Education Article.

16 (b) The Maryland Higher Education Commission shall examine the
17 feasibility of restructuring the Program as a loan program under which:

18 (1) loans qualifying as “student loans” under § 108(f)(2) of the Internal
19 Revenue Code would be made to refinance the higher education loans of individuals
20 who agree to serve in an eligible field of employment for a certain minimum period of
21 time;

22 (2) the indebtedness under the refinancing loans would be discharged
23 in whole or in part upon the fulfillment of the individuals’ service obligations under
24 terms and in such a manner that the amount of the indebtedness discharged would be
25 excludible from gross income of the individuals under § 108(f) of the Internal Revenue
26 Code.

27 (c) The Commission shall obtain specific federal income tax advice from the
28 Attorney General and, to the extent the Attorney General considers it to be necessary
29 or appropriate, shall obtain any approval, ruling, opinion, or confirmation from the
30 Internal Revenue Service, regarding restructuring the Program as a loan program
31 qualifying under § 108(f) of the Internal Revenue Code.

32 (d) (1) On or before December 1, 2011, the Commission shall report to the
33 Governor and, subject to § 2–1246 of the State Government Article, the General
34 Assembly, regarding its examination of the feasibility of restructuring the Program as
35 described in this section.

1 (2) If the Commission determines that restructuring the Program as a
2 loan program qualifying under § 108(f) of the Internal Revenue Code is feasible, the
3 report provided under this section shall include a draft of any legislation that the
4 Commission determines would be required to restructure the Program as described in
5 this section.

6 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
7 be applicable to all taxable years beginning after December 31, 2010.

8 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 July 1, 2011.