



Letter of Support

House Ways and Means Committee
HB 1297 (Palakovich Carr)
Income Tax – Student Loan Debt Relief Tax Credit - Alterations

Matt Power, President
mpower@micua.org
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On behalf of Maryland’s independent colleges and universities and the more than 56,000 students we serve, thank you for the opportunity to provide a letter of support regarding [**HB 1297 \(Palakovich Carr\) Income Tax – Student Loan Debt Relief Tax Credit - Alterations.**](#)

The bill authorizes the Maryland Higher Education Commission to extend the period of time that an individual who claims the credit to repay the student loan debt if unable due to: “1) a period of forbearance related to litigation concerning the federal Saving on a Valuable Education (SAVE) student loan repayment plan; 2) the inability of the individual to change from one income-based repayment plan to another plan due to understaffing at the U.S. Department of Education; and 3) a period of forbearance during which the individual was awaiting an agreement under the Federal Public Service Loan Forgiveness (PSLF) Buyback Program and unable to make any Student Loan debt payments.”

The U.S. Department of Education has an IDR backlog of 626,412 applications, down from 734,221 in the month prior to this reporting¹. Last year, it was reported that 2 million applications were delayed due to the Department’s temporary shutdown of the IDR application process². The SAVE program has been blocked and is expected to be dissolved, where thousands of borrowers are still under the plan and unable to switch to a new repayment plan due to backlogs. The PSLF Buyback Program has not progressed, and applications have increased from 83,370 to 86,520³.

Borrowers who have obtained qualifying employment to become eligible for the various repayment plans and the PSLF Buyback Program have been delayed in obtaining approval. HB 1297 would help provide graduates and families with additional time to repay and use the credit upon the Education Department's clearance of the backlog. If you have any questions, please contact Irnande Altema, Vice President for Government and Business Affairs, ialtema@micua.org.

For these reasons, MICUA urges a favorable Committee report for House Bill 1297.

¹Minsky, Adam S. (2026, February 17) *Forbes*. [More Than 700,000 Borrowers Have Student Loans Stuck In Huge Backlogs.](#)

² *Id.*

³ *Id.*