

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

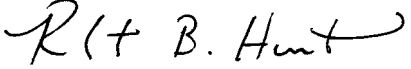
No. 1574

H.P. 1032

House of Representatives, April 10, 2025

**An Act to Amend the Credit for Educational Opportunity and
Student Loan Repayment Tax Credit**

Reference to the Committee on Taxation suggested and ordered printed.


ROBERT B. HUNT
Clerk

Presented by Representative JACKSON of Oxford.

Cosponsored by Representatives: ARATA of New Gloucester, COOPER of Windham, CRAY of Palmyra, DILL of Old Town, GUERRETTE of Caribou, HALL of Wilton.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 36 MRSA §5217-D, sub-§2, ¶B**, as amended by PL 2015, c. 482, §4, is
3 further amended to read:

4 B. A taxpayer may claim a credit based on loan payments actually made to a relevant
5 lender or lenders under this section only with respect to loans that are part of the
6 qualified individual's financial aid package and, for tax years beginning on or after
7 January 1, 2015, only with respect to loan payment amounts paid by the taxpayer
8 during that part of the taxable year that the qualified individual worked in this State.
9 Payment For tax years beginning on or after January 1, 2015 and prior to January 1,
10 2026, payment of loan amounts in excess of the amounts due during the taxable year
11 does not qualify for the credit. For tax years beginning before January 1, 2015,
12 refinanced loans that are part of the qualified individual's financial aid package are
13 eligible for the credit under this section if the refinanced loans remain separate from
14 other debt, including debt incurred in an educational program other than the degree
15 program for which a credit is claimed under this section. For tax years beginning on
16 or after January 1, 2015, refinanced loans or consolidated loans that are part of the
17 qualified individual's financial aid package are eligible for the credit under this section
18 if the refinanced loans or consolidated loans remain separate from other debt, except
19 for debt incurred in an educational program, but only in proportion to the portion of the
20 loan payments that are otherwise eligible under this section. Forbearance or deferment
21 of loan payments does not affect eligibility for the credit under this section. For tax
22 years beginning on or after January 1, 2015, an individual who worked in this State for
23 any part of a month during the Maine residency period of the taxable year is considered
24 to have worked in this State for the entire month. For tax years beginning on or after
25 January 1, 2015, an individual who worked outside this State for an entire month during
26 the Maine residency period is considered to have worked in this State during that
27 month, except that in no case may this exception exceed 3 months during the Maine
28 residency period of the taxable year.

29 **Sec. 2. 36 MRSA §5217-E, sub-§2, ¶C**, as enacted by PL 2021, c. 635, Pt. H, §15,
30 is amended to read:

31 C. For taxable years beginning on or after January 1, 2022 and before January 1, ~~2027~~
32 2026, a qualified individual with unused carryover credits pursuant to section 5217-D,
33 subsection 2, paragraph A from the credit for educational opportunity generated in the
34 10 years from January 1, 2012 to December 31, 2021 may carry over and apply to the
35 credit amount allowed pursuant to this section the portion, as reduced from year to
36 year, of any unused credits. For taxable years beginning on or after January 1, 2026, a
37 qualified individual with unused carryover credits may carry over and apply to the
38 credit amount allowed pursuant to this section the portion, as reduced from year to
39 year, of any unused credits.

40 **SUMMARY**

41 This bill allows student borrowers to make early payment of eligible student loans and
42 to carry the relevant income tax credit forward, taking up to the annual maximum income
43 tax credit each year until the tax credit is entirely depleted.