

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1812

H.P. 1213

House of Representatives, April 29, 2025

**An Act to Provide Low-interest Loans for Accredited College
Graduates Entering Trade Professions and an Employer Tax Credit
for Trade Tool Reimbursements**

Received by the Clerk of the House on April 25, 2025. Referred to the Committee on Housing and Economic Development pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative WHITE of Ellsworth.
Cosponsored by Senator STEWART of Aroostook and
Representatives: BABIN of Fort Fairfield, DAIGLE of Fort Kent, FAULKINGHAM of Winter Harbor, GUERRETTE of Caribou, MCINTYRE of Lowell, THORNE of Carmel, WHITE of Guilford.

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

2 Sec. 1. 10 MRSA c. 110, sub-c. 15 is enacted to read:

3 **SUBCHAPTER 15**

4 **LOANS FOR TRADE TOOLS PROGRAM**

5 **§1100-HH. Loans for Trade Tools Program**

6 **1. Definitions.** As used in this subchapter, unless the context otherwise indicates, the
7 following terms have the following meanings.

8 A. "Accredited college" means an institution of higher education that is accredited by
9 a regional accrediting association or by one of the specialized accrediting agencies
10 recognized by the United States Secretary of Education.

11 B. "Eligible borrower" means a graduate of an accredited college who has completed
12 a degree or certificate program in a trade profession.

13 C. "Fund" means the Loans for Trade Tools Fund established in subsection 5.

14 D. "Program" means the Loans for Trade Tools Program established in subsection 2.

15 E. "Regional accrediting association" means a regional accrediting association that is
16 either:

17 (1) One of the United States accrediting associations or commissions that comprise
18 the Council of Regional Accrediting Commissions or successor organization; or

19 (2) An accrediting association, commission or government entity not in the United
20 States that is equivalent to an association or commission referred to in
21 subparagraph (1) that is a reliable authority on the quality of the education or
22 training provided by the institutions of higher education it accredits or charters and
23 that applies standards substantially equivalent to those used by one of the United
24 States accrediting associations or commissions that compose the Council of
25 Regional Accrediting Commissions or successor organization.

26 F. "Trade tools" means the tools and equipment needed for employment in a trade.

27 **2. Loans for Trade Tools Program established.** The Loans for Trade Tools Program
28 is established within the authority for the purpose of making low-interest loans to a graduate
29 of an accredited college for the purchase of tools and equipment necessary for the graduate's
30 employment in a trade.

31 **3. Loans.** The authority shall provide low-interest loans to eligible borrowers pursuant
32 to this subsection.

33 A. The interest rate may not exceed 2.0% per year.

34 B. The repayment period may not exceed 10 years.

35 C. The maximum loan amount is \$20,000 per eligible borrower.

36 D. The maximum aggregate of loans made pursuant to this subsection may not exceed
37 \$1,000,000 per year or the funds available in the fund, whichever is lower.

1 The authority shall administer the disbursement of loans in a manner consistent with the
2 disbursement of other student loan repayment programs administered by the authority.

3 **4. Loan forgiveness.** An eligible borrower who obtains a loan pursuant to subsection
4 3 and who maintains full-time employment in that eligible borrower's trade for at least 5
5 years may have the outstanding balance of the loan forgiven upon application to the
6 authority for loan forgiveness. As used in this subsection, "full-time employment" means
7 employment with a normal workweek of 32 hours or more.

8 **5. Loans for Trade Tools Fund.** The Loans for Trade Tools Fund is established as a
9 nonlapsing fund administered by the authority. The fund receives any funds appropriated
10 or allocated to the fund. The authority may accept and deposit into the fund monetary gifts,
11 donations or other contributions from public or private sources for the purposes specified
12 in this section. The fund must be held separate and apart from all other money, funds and
13 accounts. Any repayment of loans made pursuant to subsection 3 must be deposited into
14 the fund.

15 **6. Certification for employer tax credit.** The authority shall establish an application,
16 review and approval process for the certification of an employer seeking the tax credit
17 provided in Title 36, section 5217-G.

18 **7. Outreach and education.** The authority shall conduct outreach and education to
19 ensure that students and their families and colleges are aware of the program.

20 **8. Rules.** The authority shall adopt rules to implement the program, including the
21 application process, eligibility standards, trade tools that qualify for a loan and the method
22 of disbursing loans and collecting repayments. Rules adopted pursuant to this subsection
23 are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

24 **Sec. 2. 36 MRSA §5217-G** is enacted to read:

25 **§5217-G. Employer tax credit for trade tool expense reimbursement**

26 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
27 following terms have the following meanings.

28 A. "Accredited college" has the same meaning as in Title 10, section 1100-HH,
29 subsection 1, paragraph A.

30 B. "Eligible employee" means a graduate of an accredited college who has completed
31 a degree or certificate program in a trade profession.

32 C. "Employer" has the same meaning as in Title 26, section 1043, subsection 9.

33 D. "Qualified employer" means an employer that receives a certificate from the
34 Finance Authority of Maine pursuant to Title 10, section 1100-HH, subsection 6
35 certifying that employer's qualified reimbursement amount.

36 E. "Qualified reimbursement" means an amount paid by an employer to an eligible
37 employee or directly to a vendor for the purchase of trade tools for an eligible employee
38 within the first year of employment with that employer.

39 F. "Trade tools" means the tools and equipment needed for employment in a trade.

40 **2. Credit allowed.** For taxable years beginning on or after January 1, 2026, a qualified
41 employer is allowed a nonrefundable credit against the tax imposed by this Part equal to
42 25% of the qualified reimbursements made by the qualified employer. The maximum

1 credit allowed under this subsection is \$5,000 per eligible employee. Unused credit may
2 not be carried over from year to year.

3 **3. Credit not allowed.** The tax credit provided under this section is not allowed for
4 trade tools for which the eligible employee received a loan or forgiveness of a loan pursuant
5 to the Loans for Trade Tools Program under Title 10, chapter 110, subchapter 15.

6 **4. Application for credit.** Prior to claiming the credit under this section, an employer
7 shall apply for and obtain certification of the employer's qualified reimbursements for the
8 tax year for which the credit is claimed.

9 **Sec. 3. Appropriations and allocations.** The following appropriations and
10 allocations are made.

11 **FINANCE AUTHORITY OF MAINE**

12 **Loans for Trade Tools Program Fund N526**

13 Initiative: Provides funds for low-interest loans to graduates of accredited colleges for tools
14 and equipment needed by those graduates for their employment.

15 GENERAL FUND	2025-26	2026-27
16 All Other	\$1,000,000	\$1,000,000
17		
18 GENERAL FUND TOTAL	\$1,000,000	\$1,000,000

19 **SUMMARY**

20 This bill, to encourage participation in the trades, does the following.

21 1. It establishes the Loans for Trade Tools Program, which is a program administered
22 by the Finance Authority of Maine to provide low-interest loans to graduates of a trade
23 program for the purchase of tools and equipment necessary for employment in a trade.
24 Loans are limited to \$20,000 and must be repaid within 10 years. If an employee maintains
25 full-time employment, meaning at least 32 hours per week, in the trade, that employee's
26 loan may be forgiven.

27 2. It establishes a tax credit for employers of employees engaged in a trade for the
28 purchase of tools or equipment needed by that employee within the first year of
29 employment with that employer. The credit is limited to 25% of the amount of the cost of
30 the trade tools and \$5,000 per employee, is nonrefundable and may not be carried forward
31 from year to year.

32 3. It provides an appropriation of \$1,000,000 for each year of the 2026-2027 biennium
33 to the Finance Authority of Maine for the Loans for Trade Tools Program.