

# MAINE STATE LEGISLATURE

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# 132nd MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2025

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Legislative Document

No. 1853

H.P. 1237

House of Representatives, April 30, 2025

### **An Act to Establish an Educational Tax Credit Program to Help Parents Pay for Nonpublic School Tuition and Fees**

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Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in cursive script, reading "Rlt B. Hunt".

ROBERT B. HUNT  
Clerk

Presented by Representative SWALLOW of Houlton.

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

2 **Sec. 1. 20-A MRSA §2, sub-§1**, as enacted by PL 1981, c. 693, §§5 and 8, is  
3 amended to read:

4 **1. State responsibility for public education.** In accordance with the Constitution of  
5 Maine, Article VIII, the Legislature shall enact the laws that are necessary to assure that all  
6 school administrative units make suitable provisions for the support and maintenance of  
7 the public schools and the education of every person within the age limitations prescribed  
8 by state statutes who resides in the school administrative unit. It is the intent of the  
9 Legislature that every person within the age limitations prescribed by state statutes ~~shall~~ be  
10 provided an opportunity to receive the benefits of a ~~free-public~~ publicly funded education.

11 **Sec. 2. 20-A MRSA c. 220** is enacted to read:

12 **CHAPTER 220**

13 **EDUCATIONAL TAX CREDIT PROGRAM**

14 **§5901. Establishment**

15 The Educational Tax Credit Program is established to provide a refundable tax credit  
16 to a parent of an eligible student in a nonpublic school.

17 **§5902. Definitions**

18 As used in this chapter, unless the context indicates otherwise, the following terms  
19 have the following meanings.

20 **1. Eligible student.** "Eligible student" means a resident of the State who is eligible to  
21 enroll in an elementary or secondary public school.

22 **2. Nonpublic school.** "Nonpublic school" means an institution of learning, duly  
23 established under the laws of the State, dedicated principally to the education of elementary  
24 or secondary school students but that is not operated by a municipal, county or state entity.

25 **3. Program.** "Program" means the Educational Tax Credit Program established under  
26 section 5901.

27 **4. Tuition and fees.** "Tuition and fees" means those tuition and fee expenses that are  
28 necessary and documented in the enrollment of an eligible student at a nonpublic school.

29 **§5903. Requirements**

30 In order to qualify for the program, a parent of an eligible student shall provide:

31 **1. Receipt.** A receipt in the format provided by the department pursuant to section  
32 5906, subsection 1, paragraph A and completed by the nonpublic school showing the name  
33 of the nonpublic school to which payment was made; the name of the eligible student on  
34 whose behalf the tuition and fees were paid; the amount of tuition and fees paid; the date  
35 on which the tuition and fees were paid; and the school year to which the payment was  
36 applied;

37 **2. Proof of payment.** Proof of the form of payment to the nonpublic school at which  
38 the eligible student is enrolled and that the payment was made personally by a parent; and

1        **3. Proof of matriculation.** Proof of the matriculation of the eligible student at a  
2        nonpublic school in a manner prescribed by the department.

3        **§5904. Enrollment eligibility**

4        A student who enrolls in a nonpublic school after August 1, 2026 is eligible to  
5        participate in the program immediately.

6        A student who is enrolled in a nonpublic school during any portion of the August 1,  
7        2025 to August 1, 2026 school year may not participate in the program until the 2027-2028  
8        school year.

9        **§5905. Tax credit**

10       The parent of an eligible student who qualifies for the program is entitled to a tax credit  
11       pursuant to Title 36, section 5217-G.

12       **§5906. Department duties; powers; rules**

13       **1. Duties.** The department shall:

14       A. Provide a standardized format for a receipt to be issued by a nonpublic school to the  
15       parent of an eligible student for whom tuition and fees have been paid;

16       B. Develop a standard for the detection and investigation of possible fraudulent activity  
17       related to the program at a nonpublic school; and

18       C. By August 1st annually, calculate the average per-pupil cost of education to the  
19       State. The department shall calculate the average per-pupil cost of education by using  
20       costs from the 2 most recently available years for which the costs are known and also  
21       determine what 70% of the average per-pupil cost of education is. By August 15th  
22       annually, the department shall publish the average per-pupil cost of education and the  
23       70% calculated cost on the department's publicly accessible website.

24       **2. Powers.** The department may:

25       A. Conduct either a financial review or an audit of a nonpublic school if the department  
26       has evidence of possible fraudulent activity at the nonpublic school; and

27       B. Bar a nonpublic school from participating in the program if the department  
28       establishes that the nonpublic school has intentionally and substantially failed to  
29       comply with the requirements of this chapter.

30       **3. Rules.** The department may adopt rules to implement this chapter. Rules adopted  
31       pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375,  
32       subchapter 2-A.

33       **Sec. 3. 36 MRSA §5217-G** is enacted to read:

34       **§5217-G. Educational tax credit**

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

37       A. "Eligible student" has the same meaning as in Title 20-A, section 5902, subsection  
38       1.

39       B. "Nonpublic school" has the same meaning as in Title 20-A, section 5902, subsection  
40       2.

C. "Qualified taxpayer" means a taxpayer who files a state income tax return, is not a dependent of another taxpayer and is the parent or guardian of a student who meets the requirements of Title 20-A, section 5904.

D. "Tuition and fees" has the same meaning as in Title 20-A, section 5902, subsection 4.

**2. Credit allowed.** For tax years beginning on or after January 1, 2026, a qualified taxpayer is allowed a credit against the tax imposed by this Part in accordance with the provisions of this section. The credit is created to implement the Educational Tax Credit Program established under Title 20-A, section 5901.

A. A qualified taxpayer entitled to the credit for any taxable year may be refunded for the amount that the credit exceeds the taxpayer's tax liability.

B. The annual amount of the credit is limited to the amount provided in subsection 4.

**3. Receipt required.** A qualified taxpayer shall provide a receipt, proof of payment and proof of eligibility consistent with Title 20-A, section 5903 for tuition and fees payments to a nonpublic school made on behalf of an eligible student in order to qualify for the credit described in this section.

**4. Refundable credit.** The tax credit is a refundable credit on the individual income taxes of the qualified taxpayer. The maximum allowable yearly refundable credit is 70% of the average per-pupil cost of education as calculated and published by the Department of Education pursuant to Title 20-A, section 5906, subsection 1, paragraph C.

**5. Rules.** The assessor may adopt rules necessary to implement this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

## SUMMARY

This bill expands the State's public education obligation beyond solely public schools to include the education of all eligible persons within a school administrative unit. It establishes a refundable tax credit program for parents or guardians of eligible students enrolled in nonpublic schools. The credit is equivalent to 70% of the cost of publicly funded education. The credit is delayed for those currently enrolled in nonpublic schools until the 2027-2028 school year. The bill establishes a companion tax credit in the Maine Revised Statutes, Title 36, chapter 822.