

MAINE STATE LEGISLATURE

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PAUL R. LEPAGE
GOVERNOR

STATE OF MAINE
MAINE REVENUE SERVICES
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AUGUSTA, MAINE
04333-0024

ADMINISTRATIVE & FINANCIAL SERVICES

H. SAWIN MILLETT, JR.
COMMISSIONER

MAINE REVENUE SERVICES

JEROME D. GERARD
EXECUTIVE DIRECTOR

January 30, 2012

Senator Brian D. Langley
Representative David E. Richardson
Joint Standing Committee on Education and Cultural Affairs

Dear Committee Co-Chairs:

Pursuant to Public Law 2009, Chapter 553, Section A-18, I have enclosed herewith the report regarding the Educational Opportunity Program and job creation. Please feel free to contact me if you have any questions about this report.

Sincerely,

A handwritten signature in cursive script that reads "Jerome D. Gerard".

Jerome D. Gerard

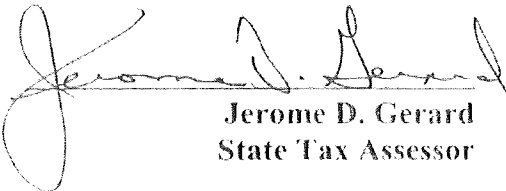
cc: Members of the Joint Standing Committee on Education and Cultural Affairs
Commissioner H. Sawin Millett, Jr., DAFS



Job Creation Through Educational Opportunity Program

**A Report Prepared for the
Joint Standing Committee on Education and Cultural Affairs
Pursuant to PL 2009, c. 553, Sec. A-18**

**Department of Administrative and Financial Services
Maine Revenue Services**


**Jerome D. Gerard
State Tax Assessor**

February, 2012

As provided in PL 2009, c. 553, Sec. A-18, the State Tax Assessor "...shall report on implementation of the [Job Creation Through Educational Opportunity] program to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs by March 1, 2011 and March 1, 2012."

Certain loan payments exempt from Maine Income Tax

PL 2009, c. 553, Sec. B-1 (LD 1296)

36 MRSA §5122, sub-§2, ¶FF exempts from Maine income tax student loan payments made by the qualified taxpayer's employer that are included in the taxpayer's federal adjusted gross income for tax years beginning on or after January 1, 2010.

A subtraction modification and applicable instructions have been added to the 2010 and 2011 individual income tax long forms for taxpayers who have loan payments made by employers that are included in federal adjusted gross income. See Form 1040ME, Schedule I, line 2k. The forms and instructions are available to taxpayers in print or on the web at www.maine.gov/revenue/forms.

Credit for Educational Opportunity

PL 2007, c. 469 (LD 1856)

PL 2009, c. 553 (LD 1296)

The Credit for Educational Opportunity (**36 MRSA §5217-D**) is available to qualified taxpayers and employers making eligible education loan payments on behalf of qualifying graduates for tax years beginning after 2007. The credit is based on the actual loan payments made by the taxpayer during the tax year. The credit is nonrefundable. Unused credits may be carried over for up to 10 tax years. If eligible, both spouses on a married-joint return may claim the credit.

The credit is claimed by individuals (including individuals who are owners of eligible pass-through entity employers) on Form 1040ME, Schedule A, line 10. For corporations (including corporations who are owners of eligible pass-through entity employers), the credit is claimed on Form 1120ME, Schedule C, line 29l. Worksheets to calculate the credit are available to individuals and employers either in print upon request or on the Maine Revenue Services web site at www.maine.gov/revenue/forms.

Statistics:

Individual Income Taxpayers (includes credits via pass-through entities)

<u>Tax Year</u>	<u># Maine Taxpayers</u>	<u># Credits Claimed</u>	<u>\$ Credits Claimed</u>	<u>Average Credit</u>
2008	673,310	11	\$4,548.00	\$413 (through 1.10.12)
2009	647,691	47	\$8,408.00	\$179 (through 1.10.12)
2010	641,625	260	\$129,118.00	\$497 (through 1.10.12)
2011	data not yet available			

Approximately 14,000 Maine corporate returns are filed annually; however, to date, none have contained a claim for the Credit for Educational Opportunity.