

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 1898

H. P. 1473

House of Representatives, May 2, 1973

Reported by Mr. Finemore from the Committee on Taxation and printed under Joint Rules No. 18.

E. LOUISE LINCOLN, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT Relating to State Income Tax Deduction for Student Tuition
Payments.

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

Sec. 1. R. S., T. 36, § 5123, amended. Section 5123 of Title 36 of the Revised Statutes, as enacted by section F of chapter 154 of the private and special laws of 1969, is amended by adding at the end the following new sentence:

In either case, he shall be entitled to claim a further deduction for school expenses as provided by subsection 1-A of section 5125.

Sec. 2. R. S., T. 36, § 5125, sub-§ 1-A, additional. Section 5125 of Title 36 of the Revised Statutes, as enacted by section F of chapter 154 of the private and special laws of 1969, is amended by adding a new subsection 1-A, to read as follows:

1-A. Post-secondary school expenditures. Payment to any post-secondary school, to an amount not exceeding \$1,000, of expenses for a student while regularly enrolled in such school, shall be permitted as a deduction. Such deduction may be taken in addition to the standard deduction. "Post-secondary school" means an incorporated nonstock educational institution, admission to which is restricted to high school graduates, which has a regular faculty, curriculum and organized body of students in attendance throughout the usual school year, which keeps and furnishes to students and others records required and accepted for entrance to schools of collegiate or graduate rank, no part of the net earnings of which inures to the benefit of any individual. "Post-secondary school" shall also include vocational-technical institutes.

Sec. 3. R. S., T. 36, § 5142-A, additional. Title 36 of the Revised Statutes is amended by adding a new section 5142-A to read as follows:

§ 5142-A. Deduction

The deduction of a nonresident individual shall be the standard deduction provided in section 5143 unless he elects to itemize his deductions as provided in section 5144. In either case, he shall be entitled to claim a further deduction for school expenses as provided by subsection 1-A of section 5125, which shall be apportioned as provided in subsection 2 of section 5144.

Sec. 4. Effective date. This Act shall be effective as to school expenses paid on or after January 1, 1973.

FISCAL NOTE

On the basis of an estimated 20,000 Maine students attending post-secondary schools, and an average applicable rate of 2% applied to a deduction of \$1,000, the bill would result in a reduction of individual income tax revenue as follows:

1973-74	1974-75
\$400,000	\$400,000

STATEMENT OF FACT

The redraft would permit an individual income tax deduction of up to \$1,000 for student expenses paid directly to a post-secondary school. Such deduction would be in addition to deductions otherwise allowable, whether the taxpayer chose for the latter to use a standard deduction or to itemize deductions. The additional deduction would apply to any such payments made on or after January 1, 1973 and thus would apply to individual income tax returns filed on or before April 15, 1974 covering the calendar year 1973.