

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1790

S. P. 505

In Senate, May 19, 1977

Reported by Minority from Committee on Taxation and printed under Joint Rules No. 2.

MAY M. ROSS, Secretary

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

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. 36 MRSA § 5123, as enacted by P&SL 1969, c. 154, § F is further amended by adding at the end a new sentence to read:

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

Sec. 2. 36 MRSA § 5125, sub-§ 1-A is enacted to read:

1-A. Post-secondary school expenditures. Payment to any post-secondary school, to an amount not exceeding \$750 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 inure to the benefit of any individual. "Post-secondary school" shall also include vocational-technical institutes.

Sec. 3. 36 MRSA § 5142-A is enacted to read:

§ 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 section 5125, subsection 1-A, which shall be apportioned as provided in section 5144, subsection 2.

Sec. 4. Effective date. This Act shall be effective as to school expenses paid on or after January 1, 1978.

FISCAL NOTE

The annual loss caused by this new draft would be \$750,000. Ninety-six percent of this loss would be attributable to the General Fund and 4% to the Local Government Fund.

STATEMENT OF FACT

This new draft would permit an individual income tax deduction of up to \$750 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, 1978, and thus would apply to individual income tax returns filed on or before April 15, 1979, covering the calendar year 1978.