

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1422

H. P. 1152

House of Representatives, March 22, 1979

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Tarbell of Bangor.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT to Provide a Tuition Tax Credit for Maine Citizens.

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

Sec. 1. 36 MRSA § 5127, sub-§ 3 is enacted to read:

3. Tuition credit.

A. A resident individual shall be allowed a credit against the tax otherwise due under this Part in the amount of 25% of the tuition paid by him during the taxable year to one or more institutions of higher education or post-secondary vocational schools located in Maine for one or more full-time students or qualified part-time students from whom the individual is entitled to claim personal exemptions under section 5126. The total credit shall not exceed \$250 and shall not reduce the Maine income tax to less than zero.

B. For purposes of this subsection:

- (1) "Educational assistance allowance" means an educational assistance allowance under the United States Code, Title 38, chapters 32, 34 or 35;
- (2) "Full-time student" means an individual who, during any 4 calendar months during the calendar year in which the taxable year begins, is a full-time student taking a general course of instruction at an institution of higher education or a post-secondary vocational school;

(3) "General course of instruction" means a course of instruction for which credit is allowable toward a baccalaureate or associate degree by an institution of higher education or toward a certificate of required course work at a post-secondary vocational school but does not include any course of instruction which is part of the graduate program of the individual;

(4) "Institution of higher education" means a person, partnership, institution or corporation licensed under Title 20, section 2202 to confer academic, educational, literary or professional degrees.

(5) "Nontaxable scholarship" means a scholarship or fellowship grant within the meaning of the United States Internal Revenue Code, Section 117(a) (1), or similar award which is not includable in gross income;

(6) "Post-secondary vocational school" means post-secondary technical and vocational institutes operated under Title 20, section 57 and state schools for practical nursing operated under Title 20, section 2355.

(7) "Qualified part-time student" means an individual who, during any 8 calendar months during the calendar year in which the taxable year begins, is taking, at an institution of higher education, a general course of instruction which is at least $\frac{1}{2}$ of the course of instruction required of a full-time student at the same institution; and

(8) "Tuition" means tuition and fees required for the enrollment or attendance of a student at an institution of higher education or post-secondary vocational school, including required course fees, but does not include any amount paid, directly or indirectly, for books, supplies and equipment for courses of instruction or meals, lodging, transportation or similar personal, living or family expenses.

C. The credit provided by this section is subject to the following limitations.

(1) Any amount received as a nontaxable scholarship or educational assistance allowance during the taxable year shall be treated as used for tuition attributable to the taxable year and as tuition not paid by the individual.

(2) No credit shall be allowed for any amount paid by the taxpayer for tuition for any individual if the same tuition payment is claimed as a deduction under the United States Internal Revenue Code.

Sec. 2. 36 MRSA § 5147 is enacted to read:

§ 5147. Tuition credit

A nonresident individual shall be allowed, against the tax otherwise due under this Part, the credit allowed to a resident individual under section 5127, subsection 3, except that the credit shall be prorated by the percentage that the nonresident's Maine adjusted gross income bears to his federal adjusted gross income.

STATEMENT OF FACT

The purpose of this bill is to provide relief in the form of an income tax credit to persons who pay tuition to a Maine institute of higher education for the full-time or part-time enrollment or to a Maine post-secondary vocational school for the full-time enrollment of persons as to whom the taxpayer is allowed to claim a personal exemption. The bill provides for a credit of 25% of the tuition paid, up to a maximum credit of \$250 per year.