

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1280

S. P. 442

In Senate, March 13, 1981

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

MAY M. ROSS, Secretary of the Senate

Presented by Senator Wood of York.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Provide a Tax Exemption for Post-secondary Education Payments.

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

36 MRSA § 5126-A is enacted to read:

§ 5126-A. Exemption for post-secondary expenses

1. **Exemption.** A resident individual shall be allowed an exemption of \$2,000 in any taxable year, provided that:

A. This exemption may not be taken in more than 15 taxable years;

B. The amount of any exemption claimed must be deposited in a savings account, savings deposit, NOW account, time deposit account, certificate of deposit or other passbook or nonpassbook account or special purpose account; and

C. The amount of any exemption may only be expended to pay the costs of post-secondary education for the taxpayer or a dependent of the taxpayer.

2. **Loss of exemption.** If any amount for which an exemption was claimed under subsection 1 is used for any other purpose than purposes allowed under subsection 1, the taxpayer shall be liable for an amount equal to the tax which would have been payable in the taxable year in which the exemption was claimed had he not claimed the exemption under subsection 1 and to any interest which may be assessed under this Part.

STATEMENT OF FACT

The purpose of this bill is to permit a \$2,000 a year income tax exemption to provide money for post-secondary education costs.