

MAINE STATE LEGISLATURE

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L.D. 1603

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DATE: 3/13/96

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M A J O R I T Y
T A X A T I O N

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
117TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1171, L.D. 1603, Bill, "An Act to Establish a Higher Education Tax Credit for Middle-class Families"

Amend the bill by striking out all of section 1 (page 1, lines 3 to 21 in L.D.) and inserting in its place the following:

'Sec. 1. 36 MRSA §5219-L is enacted to read:

§5219-L. Higher education tax credit

A taxpayer is allowed a credit of up to \$500 against the tax imposed by this Part if the taxpayer is a full-time student or has a child enrolled as a full-time student in an institution of higher education and the taxpayer is entitled to claim the child as a dependent for that year. The maximum amount of the credit is \$500, regardless of the number of children enrolled. This credit does not apply if the taxpayer's adjusted gross income for that year exceeds \$50,000. For the purpose of this section, "institution of higher education" means any educational institution, public or private, profit or nonprofit, that provides a program of education beyond the high school level, awards an associate, bachelor or advanced degree and is located in this State. A taxpayer or a taxpayer with a child attending an out-of-state institution of higher education under an agreement between that state or institution of higher education and this State or the University of Maine System is also eligible for this credit subject to all other restrictions. "Full-time student" means a student as defined by the Code and the Finance Authority of Maine. The amount of the credit that may be used by a taxpayer for a taxable year may not exceed the amount of tax otherwise due under this Part.'

COMMITTEE AMENDMENT

2 Further amend the bill by relettering or renumbering any
4 nonconsecutive Part letter or section number to read
consecutively.

6 Further amend the bill by inserting at the end before the
8 statement of fact the following:

10 FISCAL NOTE

12 The additional income tax exemption for a portion of the
14 costs of higher education will decrease General Fund revenue and
dedicated revenue to the Local Government Fund for
16 state-municipal revenue sharing by insignificant amounts in
fiscal year 1996-97. Beginning in fiscal year 1997-98, the first
18 full year of implementation, the estimated annual revenue loss to
the General Fund will be \$4,651,367. The corresponding annual
20 decrease in dedicated revenue to the Local Government Fund will
be \$249,968.

22 The Bureau of Taxation will require additional General Fund
24 appropriations of \$26,488 for one Tax Examiner and related
expenses in fiscal year 1997-98 and approximately \$30,000
26 annually beginning in fiscal year 1998-99.'

28 STATEMENT OF FACT

30 This amendment is the majority report of the Joint Standing
32 Committee on Taxation. This amendment restricts the tax credit
for full-time students at in-state institutions of higher
education in most cases, changes the income qualifications from
34 household income to adjusted gross income and adds a fiscal note
to the bill.