

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1995

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Legislative Document

No. 1603

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H.P. 1171

House of Representatives, December 8, 1995

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**An Act to Establish a Higher Education Tax Credit for Middle-class Families.**

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Received by the Clerk of the House on December 6, 1995. Referred to the Committee on Taxation and ordered printed pursuant to Joint Rule 14.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative DAVIDSON of Brunswick.  
Cosponsored by Representative JACQUES of Waterville and  
Representatives: ADAMS of Portland, AHEARNE of Madawaska, BENEDIKT of Brunswick, BERRY of Livermore, BRENNAN of Portland, BUNKER of Kossuth Township, CAMERON of Rumford, CAMPBELL of Holden, CHARTRAND of Rockland, CHIZMAR of Lisbon, CLARK of Millinocket, CLOUTIER of South Portland, CROSS of Dover-Foxcroft, DAGGETT of Augusta, DESMOND of Mapleton, DRISCOLL of Calais, ETNIER of Harpswell, FITZPATRICK of Durham, GERRY of Auburn, GREEN of Monmouth, GWADOSKY of Fairfield, HARTNETT of Freeport, JONES of Bar Harbor, KILKELLY of Wiscasset, KONTOS of Windham, LaFOUNTAIN of Biddeford, LAYTON of Cherryfield, LIBBY of Buxton, MARTIN of Eagle Lake, MAYO of Bath, McELROY of Unity, MITCHELL of Vassalboro, MITCHELL of Portland, NASS of Acton, O'GARA of Westbrook, O'NEAL of Limestone, PAUL of Sanford, POVICH of Ellsworth, REED of Dexter, RICHARDSON of Portland, ROSEBUSH of East Millinocket, ROWE of Portland, SAMSON of Jay, SAXL of Bangor, SAXL of Portland, SHIAH of Bowdoinham, SIROIS of Caribou, STEVENS of Orono, TREAT of Gardiner, TUFTS of Stockton Springs, TUTTLE of Sanford, VOLENIK of Sedgwick, WATSON of Farmingdale, WHEELER of Bridgewater, Senators: ABROMSON of Cumberland, FAIRCLOTH of Penobscot, GOLDTHWAIT of Hancock, O'DEA of Penobscot.

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

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

6 **§5219-L. Higher education tax credit**

8 A taxpayer is allowed a credit of \$500 against the tax  
10 imposed by this Part if the taxpayer has a child enrolled as a  
12 student in an institution of higher education and the taxpayer is  
14 entitled to claim the child as a dependent for that year. The  
16 maximum amount of the credit is \$500, regardless of the number of  
18 children enrolled. This credit does not apply if the taxpayer's  
20 household income for that year exceeds \$50,000. For the purpose  
22 of this section, "household income" means household income as  
24 defined in section 6201 and "institution of higher education"  
26 means any educational institution, public or private, profit or  
28 nonprofit, that provides a program of education beyond the high  
30 school level and awards an associate, bachelor or advanced  
32 degree. The amount of the credit that may be used by a taxpayer  
34 for a taxable year may not exceed the amount of tax otherwise due  
36 under this Part.

**Sec. 2. Application.** This Act applies to tax years beginning on or after January 1, 1997.

**STATEMENT OF FACT**

This bill creates a higher education tax credit for families with a combined household income of \$50,000 or less. The amount of the tax credit is \$500 or the amount of tax due for that year, whichever is less. To be eligible for the tax credit, the family must have a child enrolled in a higher education institution and the taxpayer must be entitled to claim the child as a dependent for that year.