

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2005

Legislative Document

No. 1594

H.P. 1130

House of Representatives, April 26, 2005

**An Act To Provide an Income Tax Exemption to Recent College
Graduates Who Work in Maine To Help Them Pay College Loans**

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative STEDMAN of Hartland.
Cosponsored by Representatives: CAIN of Orono, DAVIS of Falmouth, EDGECOMB of Caribou, FLETCHER of Winslow, GOLDMAN of Cape Elizabeth, LANSLEY of Sabattus, MAREAN of Hollis.

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

4 Sec. 1. 36 MRSA c. 914-A is enacted to read:

6 CHAPTER 914-A

8 GRADUATE RETENTION PROGRAM

10 §6601. Program established; short title

12 There is established the Graduate Retention Program,
14 referred to in this chapter as "the program." This chapter is
16 known and may be cited as "the Graduate Retention Act."

18 §6602. Definitions

20 As used in this chapter, unless the context otherwise
22 indicates, the following terms have the following meanings.

24 1. Degree. "Degree" means a degree issued by a
26 postsecondary educational institution, including an educational,
28 academic, literary or professional, degree. "Degree" also
30 includes an associate, baccalaureate, master's or doctoral degree.

32 2. Education costs. "Education costs" means costs directly
34 attributable to attendance at a postsecondary educational
36 institution, including tuition, room and board, textbooks and
38 fees.

40 3. Education loan. "Education loan" means a loan or
42 extension of credit used to pay education costs. For purposes of
44 this subsection, "loan or extension of credit" includes all
46 direct or indirect advances of funds to a person that are made on
48 the basis of any obligation of that person to repay the funds or
that are repayable from specific property pledged by or on behalf
of the person. "Loan or extension of credit" may include, to the
extent specified by the bureau, any liability of a financial
institution to advance funds to or on behalf of a person pursuant
to a contractual commitment.

4. Eligible employment position. "Eligible employment
position" means a full-time position within the State as an
employee of a qualified business. For the purposes of this
subsection, "employee" has the same meaning as in Title 26,
section 591 and "full-time" means at least 40 hours per week.

5. Eligible graduate. "Eligible graduate" means a person
who meets all of the requirements of section 6604.

2 6. Qualified business. "Qualified business" means a
business that is located in this State.

4 7. Postsecondary educational institution. "Postsecondary
educational institution" includes public and private
6 postsecondary educational institutions and postgraduate
institutions.

8 **§6603. Program administration**

10 The program is administered by the bureau.

12 **§6604. Eligibility for program**

14 A person is eligible to participate in the program if that
16 person meets the requirements of this section.

18 1. Employee of qualified business. The person holds an
eligible employment position.

20 2. Graduate within previous 4 years. The person must have
22 obtained a degree no earlier than 4 years prior to the
commencement of employment in an eligible employment position.

24 3. Commitment. The person must commit to a minimum of 4
26 years of employment with a qualified business.

28 4. Education loan. The person must have an outstanding
education loan.

30 **§6605. Application; loan payment deduction**

32 1. Application; notice to employer. An eligible graduate
34 may participate in the program by applying to the bureau through
application forms obtained from the qualified business. Upon
36 acceptance of the eligible graduate into the program, the bureau
shall notify the qualified business of the eligible graduate's
38 participation. Payments made pursuant to subsection 2 by the
employer must be reported to the bureau.

40 2. Loan payment deduction. Notwithstanding any other
42 provision of this Title, a qualified business that employs an
eligible graduate accepted into the program shall, not fewer than
44 4 times each year, forward the Maine taxes withheld from the
eligible graduate's pay for the previous quarter to the financial
46 institution holding the eligible graduate's education loan. The
amount withheld pursuant to this subsection must be equal to
48 withholding at the Maine single individual income tax rate. An
eligible graduate may elect to have a greater amount withheld and
50 forwarded.

2 school, have outstanding education loans and promise to work for
a Maine employer for at least 4 years. The program allows
4 eligible participants to have an amount withheld from their pay
equal to or more than the standard withholding for Maine income
6 taxes for a single individual. The amount withheld is paid by
the employer directly to the holder of the education loan and is
8 considered payment of Maine income taxes by the participant.
Eligibility is limited to 4 years.