

MAINE STATE LEGISLATURE

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L.D. 835

Date: 2/15/12 Report B

(Filing No. H- 704)

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
125TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "C" to H.P. 632, L.D. 835, Bill, "An Act To Strengthen Maine's Economy through Improvements to the Educational Opportunity Tax Credit"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 20-A MRSA §12541, sub-§1-A is enacted to read:

1-A. Accredited non-Maine community college, college or university.
"Accredited non-Maine community college, college or university" means an institution located outside the State that is accredited by a regional accrediting association or by one of the specialized accrediting agencies recognized by the United States Secretary of Education.

Sec. 2. 20-A MRSA §12542, sub-§3, ¶B, as amended by PL 2009, c. 553, Pt. A, §10, is further amended to read:

B. An individual must attend and obtain an associate degree or a bachelor's degree from an accredited Maine community college, college or university. The individual need not obtain the degree from the institution in which that individual originally enrolled, as long as all course work toward the degree is performed at accredited Maine community colleges, colleges or universities. Beginning January 1, 2013, an individual who transfers to an accredited Maine community college, college or university after completing the equivalent of up to 30 credit hours of course work toward a degree at an accredited non-Maine community college, college or university is eligible for a portion of the benefits that would have been available under the program had the individual performed all course work at an accredited Maine community college, college or university. Such an individual is eligible for 1/2 of the educational opportunity tax credit in the case of obtaining an associate degree and 3/4 of the educational opportunity tax credit in the case of obtaining a bachelor's degree. Program eligibility for such an individual must be determined as if the commencement of course work at the relevant accredited Maine community college,

COMMITTEE AMENDMENT

1 college or university was the commencement of course work for the degree program
2 as a whole;

3 **Sec. 3. 20-A MRSA §12542, sub-§3, ¶C**, as amended by PL 2009, c. 553, Pt. A,
4 §10, is further amended to read:

5 C. An individual must live in this State while pursuing the degree, excepting periods
6 when it is reasonably necessary for the individual to live elsewhere as part of the
7 relevant institution's academic programs or while pursuing course work at an
8 accredited non-Maine community college, college or university as provided in
9 paragraph B. The individual must also agree to live in this State after obtaining the
10 degree during any period when that individual seeks to take advantage of the
11 educational opportunity tax credit; and

12 **Sec. 4. 20-A MRSA §12542, sub-§3-A, ¶A**, as enacted by PL 2009, c. 553, Pt.
13 A, §11, is amended to read:

14 A. The individual may claim the educational opportunity tax credit only with respect
15 to loans that are part of that individual's financial aid package and that ~~have a term of~~
16 at least 8 years are entered into before July 1, 2023.

17 **Sec. 5. 20-A MRSA §12545** is enacted to read:

18 **§12545. Report**

19 By February 1, 2021, each accredited Maine community college, college and
20 university, as defined in section 12541, subsection 1, shall report to the department on
21 efforts to promote and enroll individuals in the program and to train admissions and
22 financial aid staff about the program. By March 1, 2021, the department shall report
23 findings and recommendations regarding the program to the joint standing committee of
24 the Legislature having jurisdiction over education and cultural affairs and the joint
25 standing committee of the Legislature having jurisdiction over taxation matters. By
26 March 1, 2021, the Department of Administrative and Financial Services, Bureau of
27 Revenue Services shall report on implementation of the educational opportunity tax
28 credit, including statistics on credits claimed, to the joint standing committee of the
29 Legislature having jurisdiction over education and cultural affairs and the joint standing
30 committee of the Legislature having jurisdiction over taxation matters.

31 **Sec. 6. 36 MRSA §199-C, sub-§3** is enacted to read:

32 **3. Specific tax expenditure review.** By June 1, 2021, the committee shall review
33 the income tax credit under section 5217-D to determine whether the credit should be
34 retained, repealed or modified. The committee shall consider information provided by the
35 bureau and the Department of Education pursuant to Title 20-A, section 12545.

36 **Sec. 7. 36 MRSA §5217-D, sub-§1, ¶A-1** is enacted to read:

37 A-1. "Accredited non-Maine community college, college or university" means an
38 institution located outside the State that is accredited by a regional accrediting
39 association or by one of the specialized accrediting agencies recognized by the
40 United States Secretary of Education.



125th MAINE LEGISLATURE

LD 835

LR 1210(08)

An Act To Strengthen Maine's Economy through Improvements to the Educational Opportunity Tax Credit

Fiscal Note for Bill as Amended by Committee Amendment 'C' (H-704)
Committee: Taxation
Fiscal Note Required: Yes

Fiscal Note

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
Net Cost (Savings)				
General Fund	\$0	\$78,850	\$343,900	\$494,000
Revenue				
General Fund	\$0	(\$78,850)	(\$343,900)	(\$494,000)
Other Special Revenue Funds	\$0	(\$4,150)	(\$18,100)	(\$26,000)

Fiscal Detail and Notes

The bill modifies the educational opportunity tax credit by extending it to encompass (at a reduced level of benefit) certain individuals who transfer to an accredited Maine community college, college or university from an accredited out-of-state institution and removes restrictions on the term of eligible loans. The credit is available for tax years beginning on or after January 1, 2013. The changes made by the bill apply only to tax years beginning after December 31, 2012, and the credit does not apply to any loans entered into on or after July 1, 2023. The Legislature is required to review the effectiveness of the educational opportunity income tax credit by no later than June 1, 2021. The bill will reduce General Fund revenues and reduce revenue sharing starting in fiscal year 2012-13. Maine Revenue Services (MRS) states that revenue reductions may be substantially larger beyond fiscal year 2014-15 as more cohorts become eligible for the credit and participation levels increase.

Additional costs to the University of Maine System, the Maine Community College System and Maine Maritime Academy to report the required information to the Department of Education by February 1, 2021 can be absorbed within the budgeted resources of each institution. The Department of Education has estimated the cost for its staff to compile the data submitted and submit the required recommendations by March 1, 2021 to be approximately \$8,000 in fiscal year 2020-21.