

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

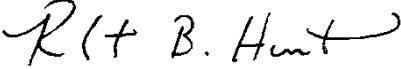
No. 898

H.P. 617

House of Representatives, March 12, 2015

**An Act To Reduce Student Loan Debt through an Expansion of the
Educational Opportunity Tax Credit**

Reference to the Committee on Taxation suggested and ordered printed.


ROBERT B. HUNT
Clerk

Presented by Representative CHENETTE of Saco.
Cosponsored by Senator ALFOND of Cumberland and
Representatives: DAUGHTRY of Brunswick, Speaker EVES of North Berwick, GOODE of
Bangor, NADEAU of Winslow, POULIOT of Augusta, RUSSELL of Portland, Senator:
VALENTINO of York.

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

2 **Sec. 1. 36 MRSA §5217-D, sub-§1, ¶A**, as amended by PL 2013, c. 525, §15, is
3 further amended to read:

4 A. "Benchmark loan payment" means the monthly loan payment for the amount of
5 the principal cap paid over 10 years at the interest rate for federally subsidized
6 Stafford loans under 20 United States Code, Section 1077a applicable during the
7 individual's last year of enrollment at an accredited Maine community college,
8 college or university or an accredited non-Maine community college, college or
9 university under paragraph G, subparagraph (1), division (b).

10 **Sec. 2. 36 MRSA §5217-D, sub-§1, ¶¶B-1 and D-1**, as enacted by PL 2013, c.
11 525, §15, are amended to read:

12 B-1. "Financial aid package" means financial aid obtained by a student after
13 December 31, 2007 for attendance at an accredited Maine community college,
14 college or university or an accredited non-Maine community college, college or
15 university under paragraph G, subparagraph (1), division (b) after December 31,
16 2007. For purposes of a qualified individual claiming a credit under this section for
17 tax years beginning on or after January 1, 2013, the financial aid package may
18 include financial aid obtained for up to 30 credit hours of course work at an
19 accredited non-Maine community college, college or university earned prior to
20 transfer to an accredited Maine community college, college or university, if the 30
21 credit hours were earned after December 31, 2007 and the transfer occurred after
22 December 31, 2012. For purposes of an employer claiming a credit under this section
23 for tax years beginning on or after January 1, 2013, the financial aid package may
24 include financial aid obtained by a qualified employee after December 31, 2007 for
25 attendance at an accredited non-Maine community college, college or university after
26 December 31, 2007. The financial aid package may include private loans or less than
27 the full amount of loans under federal programs, depending on the practices of the
28 accredited Maine or non-Maine community college, college or university. Loans are
29 includable in the financial aid package only if entered into prior to July 1, 2023.

30 D-1. "Principal cap" means:

31 (1) For an individual graduating from an accredited Maine community college,
32 college or university or an accredited non-Maine community college, college or
33 university under paragraph G, subparagraph (1), division (b) before January 1,
34 2015, the amount calculated by the State Tax Assessor under Title 20-A, section
35 12542, former subsection 2-A;

36 (2) For an individual obtaining a bachelor's degree and graduating from an
37 accredited Maine community college, college or university or an accredited non-
38 Maine community college, college or university under paragraph G,
39 subparagraph (1), division (b) on or after January 1, 2015, the average in-state
40 tuition and mandatory fees for attendance at the University of Maine System for
41 the academic year ending during the calendar year prior to the year of graduation
42 multiplied by 4; and

1 (3) For an individual obtaining an associate degree and graduating from an
2 accredited Maine community college, college or university or an accredited non-
3 Maine community college, college or university under paragraph G,
4 subparagraph (1), division (b) on or after January 1, 2015, the average in-state
5 tuition and mandatory fees for attendance at the Maine Community College
6 System for the academic year ending during the calendar year prior to the year of
7 graduation multiplied by 2.

8 **Sec. 3. 36 MRSA §5217-D, sub-§1, ¶G,** as amended by PL 2013, c. 525, §15, is
9 further amended to read:

10 G. "Qualified individual" means an individual, including the spouse filing a joint
11 return with the individual under section 5221, who is eligible for the credit provided
12 in this section. An individual is eligible for the credit if the individual:

13 (1) ~~Attended, and obtained an associate or a bachelor's degree from, an~~
14 ~~accredited Maine community college, college or university after December 31,~~
15 ~~2007. The individual need not obtain the degree from the institution in which~~
16 ~~that individual originally enrolled, as long as all course work toward the degree is~~
17 ~~performed at an accredited Maine community college, college or university,~~
18 ~~except that an individual who transfers to an accredited Maine community~~
19 ~~college, college or university after December 31, 2012 from outside the State and~~
20 ~~earned no more than 30 credit hours of course work toward the degree at an~~
21 ~~accredited non-Maine community college, college or university after December~~
22 ~~31, 2007 and prior to the transfer is eligible for the credit if all other eligibility~~
23 ~~criteria are met. Program eligibility for such an individual must be determined as~~
24 ~~if the commencement of course work at the relevant accredited Maine~~
25 ~~community college, college or university was the commencement of course work~~
26 ~~for the degree program as a whole;:~~

27 (a) An accredited Maine community college, college or university after
28 December 31, 2007. The individual need not obtain the degree from the
29 institution in which that individual originally enrolled, as long as all course
30 work toward the degree is performed at an accredited Maine community
31 college, college or university, except that an individual who transfers to an
32 accredited Maine community college, college or university after December
33 31, 2012 from outside the State and earned no more than 30 credit hours of
34 course work toward the degree at an accredited non-Maine community
35 college, college or university after December 31, 2007 and prior to the
36 transfer is eligible for the credit if all other eligibility criteria are met.
37 Program eligibility for such an individual must be determined as if the
38 commencement of course work at the relevant accredited Maine community
39 college, college or university was the commencement of course work for the
40 degree program as a whole; or

41 (b) An accredited non-Maine community college, college or university in a
42 course of study available only at a public institution outside the State as part
43 of the regional student program offered by the New England Board of Higher
44 Education pursuant to Title 20-A, chapter 413 after December 31, 2007;

1 (2) Was a Maine resident while in attendance at the accredited Maine
2 community college, college or university or the accredited non-Maine community
3 college, college or university under subparagraph (1), division (b). For purposes
4 of this subparagraph, "Maine resident" has the same meaning as in Title 20-A,
5 section 12541, subsection 5;

6 (3) Lived in Maine while pursuing the degree, excepting periods when it was
7 reasonably necessary for the individual to live elsewhere as part of the relevant
8 institution's academic programs or while pursuing course work at an accredited
9 non-Maine community college, college or university as provided in subparagraph
10 (1);

11 (4) During the taxable year, was a resident individual; and

12 (5) Worked during the taxable year:

13 (a) For tax years beginning prior to January 1, 2015, at least part time for an
14 employer located in this State or, for tax years beginning on or after January
15 1, 2013, was, during the taxable year, deployed for military service in the
16 United States Armed Forces, including the National Guard and the Reserves
17 of the United States Armed Forces; or

18 (b) For tax years beginning on or after January 1, 2015, at least part time in
19 this State for an employer or as a self-employed individual or was, during the
20 taxable year, deployed for military service in the United States Armed
21 Forces, including the National Guard and the Reserves of the United States
22 Armed Forces.

23 As used in this subparagraph, "deployed for military service" has the same
24 meaning as in Title 26, section 814, subsection 1, paragraph A.

25 **Sec. 4. Application.** This Act applies to tax years beginning on or after January 1,
26 2016.

27 SUMMARY

28 This bill allows students who are pursuing or have pursued a course of study
29 available only at a public institution outside the State as part of the New England regional
30 student program offered by the New England Board of Higher Education to be eligible
31 for the educational opportunity tax credit, starting with the tax year beginning January 1,
32 2016.