

# MAINE STATE LEGISLATURE

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L.D. 1505

Date: 2/8/2016

(Filing No. H-512)

**TAXATION**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
127TH LEGISLATURE  
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1028, L.D. 1505, Bill, "An Act To Facilitate Student Loan Repayment by Allowing Graduates To Claim Educational Opportunity Tax Credits on Eligible Portions of Consolidated Loans"

Amend the bill by striking out all of section 1 and inserting the following:

'Sec. 1. 36 MRSA §5217-D, sub-§2, ¶B, as amended by PL 2015, c. 267, Pt. QQQ, §4 and affected by §6, is further amended to read:

B. A taxpayer may claim a credit based on loan payments actually made to a relevant lender or lenders under this section only with respect to loans that are part of the qualified individual's financial aid package and, for tax years beginning on or after January 1, 2015, only with respect to loan payment amounts paid by the taxpayer during that part of the taxable year that the qualified individual worked in this State. Payment of loan amounts in excess of the amounts due during the taxable year does not qualify for the credit. Refinanced For tax years beginning before January 1, 2015, refinanced loans that are part of the qualified individual's financial aid package are eligible for the credit under this section if the refinanced loans remain separate from other debt, including debt incurred in an educational program other than the degree program for which a credit is claimed under this section. For tax years beginning on or after January 1, 2015, refinanced loans or consolidated loans that are part of the qualified individual's financial aid package are eligible for the credit under this section if the refinanced loans or consolidated loans remain separate from other debt, except for debt incurred in an educational program, but only in proportion to the portion of the loan payments that are otherwise eligible under this section. Forbearance or deferment of loan payments does not affect eligibility for the credit under this section. For tax years beginning on or after January 1, 2015, an individual who worked in this State for any part of a month during the Maine residency period of the taxable year is considered to have worked in this State for the entire month. For tax years beginning on or after January 1, 2015, an individual who worked outside this State for an entire month during the Maine residency period is considered to have worked in this State during that month, except that in no case may this exception exceed 3 months during the Maine residency period of the taxable year.'

**COMMITTEE AMENDMENT**

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**SUMMARY**

This amendment changes the availability of the educational opportunity tax credit for a consolidated loan by:

1. Retaining the purpose of the bill to allow the portion of the consolidated loan that is a qualifying educational loan to be eligible for the tax credit beginning with tax year 2015; and
2. Providing that only a qualifying educational loan that is consolidated with a nonqualifying educational loan is eligible.

**FISCAL NOTE REQUIRED**

**(See attached)**



# 127th MAINE LEGISLATURE

LD 1505

LR 2193(02)

## An Act To Facilitate Student Loan Repayment by Allowing Graduates To Claim Educational Opportunity Tax Credits on Eligible Portions of Consolidated Loans

Fiscal Note for Bill as Amended by Committee Amendment *A (H-5/2)*

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
<b>Net Cost (Savings)</b>				
General Fund	\$24,500	\$0	\$0	\$0
<b>Revenue</b>				
General Fund	(\$24,500)	\$0	\$0	\$0
Other Special Revenue Funds	(\$500)	\$0	\$0	\$0

#### Fiscal Detail and Notes

PL 2015, c. 267, Pt. QQQ expanded the educational opportunity tax credit to include consolidated loans for tax years beginning on or after January 1, 2016. This legislation provides that consolidated loans are eligible in tax year 2015 provided that the consolidated loans only include educational loans. This would reduce General Fund revenue by \$24,500 in fiscal year 2015-16 and reduce Local Government Fund revenue by \$500 in fiscal year 2015-16.