## MAINE STATE LEGISLATURE

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## 130th MAINE LEGISLATURE

## **FIRST SPECIAL SESSION-2021**

**Legislative Document** 

No. 1410

S.P. 460

In Senate, April 12, 2021

An Act To Incentivize the Development of the Labor Force in the Green Jobs Sector through Assistance in Repaying Student Loan Debt

Received by the Secretary of the Senate on April 8, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed.

DAREK M. GRANT Secretary of the Senate

Presented by Senator BRENNER of Cumberland.
Cosponsored by Representative PLUECKER of Warren and
Senators: BENNETT of Oxford, CHIPMAN of Cumberland, President JACKSON of
Aroostook, MAXMIN of Lincoln, Representatives: FAULKINGHAM of Winter Harbor,
McDONALD of Stonington, TERRY of Gorham.

3	§5217-E. Green jobs employment credit
4 5	1. <b>Definitions.</b> As used in this section, unless the context otherwise indicates, the following terms have the following meanings.
6 7 8	A. "Accredited institution" means a community college, college or university that is accredited by a regional accrediting association or by one of the specialized accrediting agencies recognized by the United States Secretary of Education.
9 10 11 12 13	B. "Benchmark loan payment" means the monthly loan payment, as calculated by the State Tax Assessor, for the amount of the principal cap paid over 10 years at the interest rate for federally subsidized Stafford loans under 20 United States Code, Section 1077a applicable during the qualified individual's last year of enrollment at an accredited institution.
14 15 16	C. "Financial aid package" means financial aid obtained by a student for attendance at an accredited institution, including refinanced or consolidated loans if those refinanced or consolidated loans remain separate from other debt.
17	D. "Green job" means a job:
18 19 20 21 22 23 24	(1) Within a business or industry sector that provides goods or services that benefit the environment or conserve natural resources, including farming, fishing, renewable resource development and logging in accordance with a forest management plan or outcome-based forest policy, as defined in Title 12, section 8868, subsections 2 and 2-B, respectively. As used in this subparagraph, "renewable resource" has the same meaning as in Title 35-A, section 3210, subsection 2, paragraph C; or
25 26 27	(2) In which the employee is primarily responsible for making the employer's activities or processes more environmentally sustainable or reducing the employer's reliance on nonrenewable resources.
28 29 30 31 32 33	E. "Principal cap" means the limit on the loan principal for purposes of claiming the credit under this section. The principal cap is equal to the average in-state tuition and mandatory fees applicable to an associate, bachelor's or graduate degree program within the University of Maine System for the academic year ending during the calendar year prior to the individual's graduation, multiplied by the number of years of full-time attendance necessary to obtain the relevant degree.
34 35 36	F. "Qualified employment" means full-time employment or part-time employment, as defined in section 5217-D, subsection 1, paragraphs C and D, respectively, in a green job or in a STEM career.
37 38 39	G. "Qualified individual" means an individual, including the spouse filing a joint return with the individual under section 5221, who is eligible for the credit under this section. An individual is eligible for the credit if the individual:
40 41 42	(1) During the taxable year, was a resident of or domiciled in this State or was deployed for military service, as defined in section 5217-D, subsection 1, paragraph G, subparagraph (5); and

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

Sec. 1. 36 MRSA §5217-E is enacted to read:

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1	(2) During the taxable year, worked in qualified employment in the State.
2 3	H. "STEM career" means employment in the field of science, technology, engineering or mathematics.
4 5 6	2. Credit allowed. For taxable years beginning on or after January 1, 2021 a qualified individual is allowed a credit against the tax imposed by this Part in accordance with the provisions of this section.
7 8 9 10	A. A taxpayer may claim a credit based on loan payments actually made to a lender or lenders under this section only with respect to loans that are part of the taxpayer's financial aid package and only with respect to the amount of loan payments paid by the taxpayer during that part of the taxable year that the taxpayer worked in this State.
11 12 13 14 15	B. For the purposes of this section, a taxpayer who worked in this State for any part of a month during the taxable year is considered to have worked in this State for the entire month. For the purposes of this section, a taxpayer who worked outside this State for an entire month during the taxable year is considered to have worked in this State during that month, except that in no case may this exception exceed 3 months during the taxable year.
17 18	C. A payment in excess of the loan payment amount due during the taxable year does not qualify for the credit under this section.
19 20	D. Forbearance or deferment of loan payments does not affect eligibility for the credit under this section.
21 22 23	E. The credit under this section is refundable to the extent the credit is based on loans included in the financial aid package acquired to obtain or attempt to obtain an associate, bachelor's or graduate degree from an accredited institution.
24 25 26	F. A taxpayer entitled to the credit under this section for any taxable year may carry over and apply to the tax liability for any one or more of the next succeeding 10 years the portion, as reduced from year to year, of any unused credits.
27 28	3. Calculation of the credit; qualified individuals. Subject to subsection 2, the credit to which a qualified individual is entitled is equal to the lesser of the following amounts:
29 30	A. The benchmark loan payment multiplied by the number of months during the taxable year in which the qualified individual made loan payments; and
31 32	B. The monthly loan payment amount multiplied by the number of months during the taxable year in which the qualified individual made loan payments.
33	SUMMARY
34 35 36 37 38 39 40 41	This bill creates a Maine income tax credit for Maine residents who work in certain green jobs or in the fields of science, technology, engineering or mathematics in this State and who make student loan payments related to their attendance at an accredited community college, college or university. The income tax credit is refundable to the extent that the taxpayer's loans were acquired to obtain or attempt to obtain an associate, bachelor's or graduate degree from an accredited community college, college or university. The income tax credit is equal to the lesser of a benchmark loan payment amount calculated by the State Tax Assessor and the taxpayer's monthly loan payment amount, multiplied by the
<b>⊤</b> ∠	number of months that the taxpayer made loan payments within the taxable year.

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