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**NATHAN LIBBY**, DISTRICT 21  
**MATTHEW POULIOT**, DISTRICT 15

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**AVERY PAGE**, COMMITTEE CLERK



**HOUSE**

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**BENJAMIN T. COLLINGS**, PORTLAND  
**LORI K. GRAMLICH**, OLD ORCHARD BEACH  
**ANN HIGGINS MATLACK**, ST. GEORGE  
**JOSEPH C. PERRY**, BANGOR  
**MELANIE F. SACHS**, FREEPORT  
**BRUCE A. BICKFORD**, AUBURN  
**JEFFREY P. HANLEY**, PITTSFORD  
**JOEL R STETKIS**, CANAAN  
**MELDON H. CARMICHAEL**, GREENBUSH

**STATE OF MAINE**  
**ONE HUNDRED AND THIRTIETH LEGISLATURE**  
**COMMITTEE ON TAXATION**

**DATE** March 18, 2022

**TO:** Sen. Catherine Breen, Senate Chair  
Rep. Teresa Pierce, House Chair  
Joint Standing Committee on Appropriations and Financial Affairs

**FROM:** Sen. Benjamin Chipman, Senate Chair  
Rep. Maureen Terry, House Chair  
Joint Standing Committee on Taxation

**RE:** Report back on LD 1995, Supplemental Budget

At your request the Joint Standing Committee on Taxation has reviewed the provisions of LD 1995, Supplemental Budget Bill, that fall under the policy area of our committee. The Taxation Committee has reviewed all the items assigned to us and submits the attached report. We have indicated Taxation Committee votes on the report back materials that you provided to us, and we have included a one-page summary of our recommendations regarding the language provisions of the bill that you asked us to review.

Thank you asking for our input, and please let us know if we can be of assistance in any other way.

cc: Maureen Dawson, Principal analyst, OFPR  
Julie Jones, Senior analyst OFPR

**LD 1995, SUPPLEMENTAL BUDGET – LANGUAGE PROVISIONS  
TAXATION COMMITTEE report back 3/18/22**

**PART E: EARNED INCOME TAX CREDIT**

Approve: 12 members (Bickford, Terry, Chipman, Pouliot, Collings, Stetkis, Sachs, Carmichael, Libby, J.Perry, Matlack, Gramlich)

**PART F: PROPERTY TAX FAIRNESS CREDIT**

Approve: 12 members (Bickford, Terry, Chipman, Pouliot, Collings, Stetkis, Sachs, Carmichael, Libby, J.Perry, Matlack, Gramlich)

**PART G: STUDENT LOANS 3rd PARTY PAYMENTS**

Approve: 12 members (Bickford, Terry, Chipman, Pouliot, Collings, Stetkis, Sachs, Carmichael, Libby, J.Perry, Matlack, Gramlich)

**PART H: STUDENT LOAN REPAYMENT TAX CREDIT**

Report 1: 10 members

The members joining this report recommending that Part H be replaced with the text of the credit recommended by the TAX Committee to LD 798 with a maximum credit of \$2,500. (LD 798 Amendment attached) (Terry, Sachs, Bickford, Carmichael, Pouliot, Stetkis, Collings, J.Perry, Matlack, Gramlich)

Report 2: 2 members

Same as Report 1 but add a provision that provides for the phaseout over 4 years of current law provisions relating to maximum refundable credit allowed for recipients of STEM degrees to avoid a precipitous reduction in anticipated credits. (Chipman, Libby)

**PART L: COVID PANDEMIC RELIEF PAYMENTS**

Report 1: 4 members

Include with \$510 payment as provided in the language. Include a requirement that all “eligible Maine citizens” who filed their tax returns by 4/15 must receive the relief payment by 7/31 of the applicable year and that payments be made by direct deposit to a bank account of the taxpayer if possible. (Bickford, Carmichael, Stetkis, Pouliot)

**Report 2.** 5 members

Approve as is the language submitted by the Governor (Sachs, Terry, Libby, JPerry, Matlack)

**Report 3.** 3 members

Approve \$510 payment. Lower income threshold for eligibility for “eligible Maine citizen” to \$50,000 for single filers, \$75,000 for heads of household and \$100,000 for married joint filers. Provide that savings from reduction of eligibility thresholds be used for other programs to assist Maine’s most vulnerable citizens. (Chipman, Collings, Gramlich)

**PROPERTY TAX REVIEW, STATE BOARD OF**

<b>DEPARTMENT TOTALS</b>	<b>2021-22</b>	<b>2022-23</b>
<b>GENERAL FUND</b>	<b>\$0</b>	<b>\$223,916</b>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>\$223,916</b>

ROS<sup>1</sup>  
2

Date:

(Filing No. S- )

COPY

TAXATION

Reproduced and distributed under the direction of the Secretary of the Senate.

STATE OF MAINE

SENATE

130TH LEGISLATURE

SECOND REGULAR SESSION

Final  
Fr. ELK  
To JSS  
3/8/2022

9 COMMITTEE AMENDMENT " " to S.P. 70, L.D. 798, "An Act To Improve the  
10 Educational Opportunity Tax Credit"

11 Amend the bill in section 1 in subsection 4 in the 3rd line (page 1, line 6 in L.D.) by  
12 striking out the following: "2022" and inserting the following: '2023'

13 Amend the bill by striking out all of section 2.

14 Amend the bill in section 3 in subsection 9 in the 3rd line (page 1, line 18 in L.D.) by  
15 striking out the following: "2022" and inserting the following: '2023'

16 Amend the bill in section 3 in subsection 9 in the last line (page 1, line 19 in L.D.) by  
17 striking out the following: "paragraph H" and inserting the following: 'paragraph F'

18 Amend the bill by striking out all of section 4 and inserting the following:

19 '**Sec. 4. 36 MRSA §199-C, sub-§3**, as amended by PL 2021, c. 181, Pt. A, §3, is  
20 further amended to read:

21 **3. Specific tax expenditure review.** By June 1, ~~2022~~ 2025, the committee shall  
22 review the income tax credit under ~~section~~ sections 5217-D and 5217-E to determine  
23 whether the credit should be retained, repealed or modified. The committee shall consider  
24 information provided by the Office of Tax Policy within the bureau and the Department of  
25 Education pursuant to Title 20-A, section 12545.'

26 Amend the bill by striking out all of sections 5 and 6.

27 Amend the bill in section 7 in the first line (page 1, line 39 in L.D.) by striking out the  
28 following: "UU" and inserting the following: 'XX'

29 Amend the bill in section 7 in paragraph UU in the first line (page 1, line 40 in L.D.)  
30 by striking out the following: "UU" and inserting the following: 'XX'

31 Amend the bill in section 8 in subsection 6 in the last line (page 2, line 6 in L.D.) by  
32 striking out the following: "2022" and inserting the following: '2023'

33 Amend the bill by striking out all of section 9 and inserting the following:

**COMMITTEE AMENDMENT**

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'Sec. 9. 36 MRSA §5217-E is enacted to read:

**§5217-E. Credit for student loan repayment**

For tax years beginning on or after January 1, 2023, a qualified individual is allowed a credit for education loan payments as computed under this section against the taxes imposed under this Part.

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Accredited Maine community college, college or university" has the same meaning as in Title 20-A, section 12541, subsection 1.

B. "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.

C. "Education loan payment" means a loan payment paid during the taxable year for eligible education loans.

D. "Eligible education loan" means a loan obtained by a qualified individual for attendance by that qualified individual at an accredited Maine community college, college or university or accredited non-Maine community college, college or university to obtain an associate, bachelor's or graduate degree. "Eligible education loan" includes a refinanced loan or consolidated loan if the refinanced loan or consolidated loan remains separate from other debt, except for debt incurred in an educational program, but only in proportion to the portion of the education loan payment that is otherwise eligible under this section. "Eligible education loan" does not include a loan obtained from a person related to the qualified individual or from any person by reason of a loan under any qualified employer plan or under a contract referred to in the Code, Section 72(p)(5). For purposes of this paragraph, a person is considered related to the qualified individual if that person meets the criteria listed in the Code, Section 267(b) or Section 707(b)(1). As used in this paragraph, "qualified employer plan" has the same meaning as in the Code, Section 72(p)(4)(A).

E. "Part time," as that term refers to employment, means employment that on average during the taxable year consists of a workweek of at least 16 hours but less than 32 hours.

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

- (1) Attended and obtained an associate, bachelor's or graduate degree after 2007 from an accredited Maine community college, college or university or an accredited non-Maine community college, college or university;
- (2) Was a resident individual for the entire taxable year; and
- (3) Meets one of the following conditions:
  - (a) The individual worked during the taxable year;

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(i) At least part time in this State for an employer or as a self-employed individual; or

(ii) At least part time in a position on a vessel at sea;

(b) The individual was deployed for military service in the United States Armed Forces, including the National Guard and the Reserves of the United States Armed Forces. As used in this division, "deployed for military service" has the same meaning as in Title 26, section 814, subsection 1, paragraph A; or

(c) The individual was a spouse of an individual who meets the requirements of either division (a) or division (b).

G. "Resident individual" means an individual:

(1) Who is domiciled in this State; or

(2) Who is not domiciled in this State, but maintains a permanent place of abode in this State and spends in the aggregate more than 183 days of the taxable year in this State, unless the individual is a member of the United States Armed Forces.

2. Credit allowed. A qualified individual is allowed a refundable credit against the tax imposed by this Part in accordance with the provisions of this section. The credit is created to implement the Job Creation Through Educational Opportunity Program established under Title 20-A, chapter 428-C.

A. A taxpayer may claim a credit based on education loan payments actually made to a relevant lender or lenders under this section only with respect to education loan payment amounts paid by the taxpayer during that part of the taxable year that the qualified individual worked in this State. Forbearance or deferment of education loan payments does not affect eligibility for the credit under this section. An individual who worked in this State for any part of a month of the taxable year is considered to have worked in this State for the entire month.

3. Calculation of the credit; qualified individuals. Subject to subsection 2, the credit with respect to a qualified individual is equal to the amount paid on eligible education loans during the taxable year up to \$2,500. A taxpayer entitled to a credit for any taxable year may carry over and apply to tax liability for any one or more of the next succeeding 5 years the portion, as reduced from year to year, of any unused credits.'

Amend the bill by striking out all of section 10 and inserting the following:

'Sec. 10. Application. That section of this Act that enacts the Maine Revised Statutes, Title 36, section 5122, subsection 2, paragraph XX applies to tax years beginning on or after January 1, 2023.'

Amend the bill by striking out all of section 11 and inserting the following:

'Sec. 11. Appropriations and allocations. The following appropriations and allocations are made.

FINANCE AUTHORITY OF MAINE  
Educational Opportunity Tax Credit Marketing Fund Z174

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COMMITTEE AMENDMENT " " to S.P. 70, L.D. 798

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Initiative: Provides funds to market the Job Creation Through Educational Opportunity Program throughout the State.

<b>GENERAL FUND</b>	<b>2021-22</b>	<b>2022-23</b>
All Other	\$0	\$75,000
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$75,000</b>

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

**SUMMARY**

This amendment changes dates in the bill to reflect a later enactment date due to carry-over of the bill to the Second Regular Session. The amendment simplifies the income tax credit proposed in the bill and provides that the credit applies only to qualified individuals and not employers. The new credit provides a refundable credit of up to \$2,500 to qualified individuals. The credit applies to a qualified individual who received an associate, bachelor's or graduate degree after 2007 as long as the individual is employed in Maine and is a Maine resident.

**FISCAL NOTE REQUIRED**  
(See attached)

**COMMITTEE AMENDMENT**



# 130th MAINE LEGISLATURE

LD 798

LR 334(02)

## An Act To Improve the Educational Opportunity Tax Credit

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$75,000	\$46,136,786	\$48,188,145
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$75,000	\$242,286	\$241,645
<b>Revenue</b>				
General Fund	\$0	\$0	(\$45,894,500)	(\$47,946,500)
Other Special Revenue Funds	\$0	\$0	(\$2,415,500)	(\$2,523,500)

#### Fiscal Detail and Notes

This bill includes ongoing General Fund appropriations of \$75,000 per year beginning in fiscal year 2022-23 to the Educational Opportunity Tax Credit program within the Finance Authority of Maine to market the program throughout the State.

The bill creates a new income tax credit for student loan repayment beginning on or after January 1, 2023 and will result in a reduction in General Fund revenue of \$45,894,500 in fiscal year 2023-24 and \$47,946,500 in fiscal year 2024-25. It will also result in a reduction in Local Government Fund revenue of \$2,415,500 in fiscal year 2023-24 and \$2,523,500 in fiscal year 2024-25.

The Department of Administrative and Financial Services will require future General Fund appropriations of \$167,286 beginning in fiscal year 2023-24 for 2 Tax Examiner positions and related costs to perform desk audits and provide taxpayer assistance.



**Sec. A-35. Appropriations and allocations.**

The following appropriations and allocations are made.

**TREASURER OF STATE, OFFICE OF**

**Disproportionate Tax Burden Fund 0472**

Initiative: Adjusts funding for municipal revenue sharing to bring allocations in line with projected available resources for fiscal years 2022-2023.

Ref. #: 1006

Committee Vote: 12-0

AFA Vote: \_\_\_\_\_

<b>OTHER SPECIAL REVENUE FUNDS</b>	Terry	Sach	<b>2021-22</b>	<b>2022-23</b>
All Other	Chipman	stetkis	\$474,977	(\$245,876)
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	Pauliot	Libby	<u>\$474,977</u>	<u>(\$245,876)</u>
	Bickford	J. Perry		
	Carmichael	matlack		
	Collings	Gramlich		

**Justification:**

This initiative adjusts the allocation for the State-Municipal Revenue Sharing account based on the projected amount of revenue sharing funds available for fiscal years 2022 and 2023 including adjustments from the December 2021 Revenue Forecast and revenue changes from tax-related initiatives proposed in this budget. The distribution of revenue sharing funds is required in accordance with 30-A, M.R.S.A., section 5681.

**DISPROPORTIONATE TAX BURDEN FUND 0472**

**PROGRAM SUMMARY**

	<b>History 2019-20</b>	<b>History 2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$0	\$0	\$474,977	(\$245,876)
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<u>\$0</u>	<u>\$0</u>	<u>\$474,977</u>	<u>(\$245,876)</u>

Sec. A-1. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**COVID Pandemic Relief Payment Program Z337**

Initiative: Provides funding for a disaster relief program that will provide a \$510 relief payment to each eligible Maine citizen. The costs of administration, programming, mailing, public outreach and taxpayer assistance will also come from the fund.

Ref. #: 57

Committee Vote: 4-5-3 AFA Vote: \_\_\_\_\_

**OTHER SPECIAL REVENUE FUNDS**

	2021-22	2022-23
All Other	\$411,000,000	\$0
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$411,000,000</b>	<b>\$0</b>

**Justification:**

This initiative provides funding for \$510 relief payments to eligible Maine citizens. The funding is from a transfer of General Fund unappropriated surplus.

**COVID PANDEMIC RELIEF PAYMENT PROGRAM Z337  
PROGRAM SUMMARY**

	History 2019-20	History 2020-21	2021-22	2022-23
OTHER SPECIAL REVENUE FUNDS				
All Other	\$0	\$0	\$411,000,000	\$0
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$411,000,000</b>	<b>\$0</b>

*Same vote as Language Part L*

**Revenue Services, Bureau of 0002**

Initiative: Establishes one Revenue Agent position, which is required in order to comply with Public Law 2019, chapter 441, An Act Regarding the Collection of the Sales and Use Tax by Marketplace Facilitators, and provides funding for related All Other costs.

Ref. #: 3

Committee Vote: 11 - 1 AFA Vote: \_\_\_\_\_

GENERAL FUND			2021-22	2022-23
POSITIONS - LEGISLATIVE COUNT			0.000	1.000
Personal Services	Terry	Sachs	\$0	\$90,943
All Other	Chipman	Libby	\$0	\$8,333
GENERAL FUND TOTAL	Bickford	J. Perry	\$0	\$99,276
	Carmichael	Matlack		
	Pouliot	Gramlich		
	Collings			

**Justification:**

This initiative establishes one Revenue Agent to provide additional audit resources which is necessary to comply with Public Law 2019, chapter 441 and provides funding for related All Other costs. During the legislative process for this law, Maine Revenue Services identified the need for an additional Revenue Agent to support the increase in audits associated with the marketplace facilitators.

**Revenue Services, Bureau of 0002**

Initiative: Establishes 3 Tax Examiner II positions in Maine Revenue Services beginning October 1, 2022 and provides All Other funding for contracted temporary staffing associated with the new student loan repayment tax credit.

Ref. #: 4

Committee Vote: 10 - 2 AFA Vote: \_\_\_\_\_

GENERAL FUND			2021-22	2022-23
POSITIONS - LEGISLATIVE COUNT			0.000	3.000
Personal Services	Terry	Libby	\$0	\$211,104
All Other	Chipman	J. Perry	\$0	\$130,306
GENERAL FUND TOTAL	Bickford	Matlack	\$0	\$341,410
	Pouliot	Gramlich		
	Sachs	Collings		

**Justification:**

This initiative is associated with the proposal in this budget to replace the current educational opportunity tax credit (EOTC) with a new simplified student loan repayment tax credit (SLRTC). Three new Tax Examiner II positions are required beginning October 1, 2022 to receive training, perform desk audits, and provide taxpayer assistance relative to degrees earned at non-Maine community colleges, colleges, and universities after 2007 and other qualified individuals that were previously not eligible for the credit. Temporary services staff are required to assist with the transition to the new program and validate unused credit amounts from prior tax years that are eligible to be included in the credit.

**REVENUE SERVICES, BUREAU OF 0002  
PROGRAM SUMMARY**

<b>GENERAL FUND</b>	<b>History 2019-20</b>	<b>History 2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
POSITIONS - LEGISLATIVE COUNT	0.000	0.000	0.000	4.000
Personal Services	\$0	\$0	\$0	\$302,047
All Other	\$0	\$0	\$0	\$138,639
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$440,686</b>

**Unorganized Territory Education and Services Fund - Finance 0573**

Initiative: Provides funding to support the increasing revenue collected from unorganized territory taxpayers, which is reimbursed to the counties.

Ref. #: 37

Committee Vote: 12-0

AFA Vote: \_\_\_\_\_

<b>OTHER SPECIAL REVENUE FUNDS</b>	Terry	Stetkis	<b>2021-22</b>	<b>2022-23</b>
All Other	Chipman	Sachs	\$0	\$5,500,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	Pouliot	Libby	<hr/>	<hr/>
	Bickford	J Perry	\$0	\$5,500,000
	Carmichael	Matlack		
	Collings	Gramlich		

**Justification:**

This initiative provides funding to support the increasing revenue collected from unorganized territory taxpayers which is reimbursed to the counties. Reimbursement is paid to the appropriate county treasury having jurisdiction over that unorganized territory.

**UNORGANIZED TERRITORY EDUCATION AND SERVICES FUND - FINANCE 0573**

**PROGRAM SUMMARY**

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>History 2019-20</b>	<b>History 2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
All Other	\$0	\$0	\$0	\$5,500,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$0	\$0	\$0	\$5,500,000

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

<b>DEPARTMENT TOTALS</b>	<b>2021-22</b>	<b>2022-23</b>
<b>GENERAL FUND</b>	\$0	\$440,686
<b>OTHER SPECIAL REVENUE FUNDS</b>	\$411,000,000	\$5,500,000
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u>\$411,000,000</u>	<u>\$5,940,686</u>

**Sec. A-32. Appropriations and allocations.**

The following appropriations and allocations are made.

**PROPERTY TAX REVIEW, STATE BOARD OF**

**Property Tax Review - State Board of 0357**

Initiative: Establishes one limited-period Director of the Property Tax Review Board position and one limited-period Office Specialist I position through June 08, 2025 to support the work of the State Board of Property Tax Review.

Ref. #: 955

Committee Vote: 10 - 2

AFA Vote: \_\_\_\_\_

<b>GENERAL FUND</b>	Terry	Libby		<b>2021-22</b>	<b>2022-23</b>
Personal Services	Chipman	J Perry	Stetkis	\$0	\$207,250
All Other	Sachs	Matlack	Carmichael	\$0	\$16,666
<b>GENERAL FUND TOTAL</b>	Bickford	Gramlich		<u>\$0</u>	<u>\$223,916</u>
	Collings				
	Pouhot				

**Justification:**

This initiative establishes two limited period positions through fiscal year 2024-25 to support the State Property Tax Review Board.

**PROPERTY TAX REVIEW - STATE BOARD OF 0357**

**PROGRAM SUMMARY**

<b>GENERAL FUND</b>	<b>History 2019-20</b>	<b>History 2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Personal Services	\$0	\$0	\$0	\$207,250
All Other	\$0	\$0	\$0	\$16,666
<b>GENERAL FUND TOTAL</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$223,916</u>

**State - Municipal Revenue Sharing 0020**

Initiative: Adjusts funding for municipal revenue sharing to bring allocations in line with projected available resources for fiscal years 2022-2023.

Ref. #: 998

Committee Vote: 12 - 0

AFA Vote: \_\_\_\_\_

<b>OTHER SPECIAL REVENUE FUNDS</b>	Terry	Sachs	<b>2021-22</b>	<b>2022-23</b>
All Other	Chipman	Stetkis	\$22,646,306	\$17,707,152
OTHER SPECIAL REVENUE FUNDS TOTAL	Pauliot	Libby	\$22,646,306	\$17,707,152
	Bickford	J. Perry		
	Carmichael	Matlack		
	Collings	Gramlich		

**Justification:**

This initiative adjusts the allocation for the State-Municipal Revenue Sharing account based on the projected amount of revenue sharing funds available for fiscal years 2022 and 2023 including adjustments from the December 2021 Revenue Forecast and revenue changes from tax-related initiatives proposed in this budget. The distribution of revenue sharing funds is required in accordance with 30-A, M.R.S.A., section 5681.

**STATE - MUNICIPAL REVENUE SHARING 0020  
PROGRAM SUMMARY**

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>History 2019-20</b>	<b>History 2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
All Other	\$0	\$0	\$22,646,306	\$17,707,152
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$0	\$22,646,306	\$17,707,152



TREASURER OF STATE, OFFICE OF

DEPARTMENT TOTALS

2021-22

2022-23

OTHER SPECIAL REVENUE FUNDS

\$23,121,283

\$17,461,276

DEPARTMENT TOTAL - ALL FUNDS

\$23,121,283

\$17,461,276

## PART E

**Sec. E-1. 36 MRSA §5219-S, sub-§1**, as amended by PL 2021, c. 398, Pt. H, §3, is further amended to read:

**1. Resident taxpayer; on or after January 1, 2020 but before January 1, 2022.**  
AFor tax years beginning on or after January 1, 2020 but before January 1, 2022, a resident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the amount of 25% of the federal earned income credit for the same taxable year for a resident eligible individual who does not have a qualifying child and 12% of the federal earned income credit for the same taxable year for all other resident eligible individuals; except that, for taxable years beginning after December 31, 2020 and before January 1, 2022, a resident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the amount of 20% of the federal earned income credit for the same taxable year.

**Sec. E-2. 36 MRSA §5219-S, sub-§1-A**, is enacted to read:

**1-A. Resident taxpayer; on or after January 1, 2022.** For tax years beginning on or after January 1, 2022, a resident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the federal earned income credit for the same taxable year for a resident eligible individual who does not have a qualifying child and 25% of the federal earned income credit for the same taxable year for all other resident eligible individuals.

**Sec. E-3. 36 MRSA §5219-S, sub-§2** is amended to read:

**2. Nonresident taxpayer; on or after January 1, 2020 but before January 1, 2022.** AFor tax years beginning on or after January 1, 2020 but before January 1, 2022, a nonresident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the amount of 25% of the federal earned income credit for the same taxable year for a nonresident eligible individual who does not have a qualifying child and 12% of the federal earned income credit for the same taxable year for all other nonresident eligible individuals, except that, for taxable years beginning after December 31, 2020 and before January 1, 2022, all nonresident eligible individuals are allowed a credit in the amount of 20% of the federal earned income credit for the same taxable year, multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income, as modified by section 5122.

**Sec. E-4. 36 MRSA §5219-S, sub-§2-A**, is enacted to read:

**2-A. Nonresident taxpayer; on or after January 1, 2022.** For tax years beginning on or after January 1, 2022, a nonresident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the federal earned income credit for the same taxable year for a nonresident eligible individual who does not have a qualifying child and 25% of the federal earned income credit for the same taxable year for all other nonresident eligible individuals, multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income, as modified by section 5122.

**Sec. E-5. 36 MRS §5219-S, sub-§3** is amended to read:

**3. Part-year resident taxpayer; on or after January 1, 2020 but before January 1, 2022.** ~~An~~For tax years beginning on or after January 1, 2020 but before January 1, 2022, an eligible individual who files a return as a part-year resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part in the amount of 25% of the federal earned income credit for the same taxable year for an eligible part-year individual who does not have a qualifying child and 12% of the federal earned income credit for the same taxable year for all other eligible part-year individuals, except that, for taxable years beginning after December 31, 2020 and before January 1, 2022, all eligible part-year individuals are allowed a credit in the amount of 20% of the federal earned income credit for the same taxable year, multiplied by a ratio, the numerator of which is the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph B for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income, as modified by section 5122.

**Sec. E-6. 36 MRS §5219-S, sub-§3-A,** is enacted to read:

**3-A. Part-year resident taxpayer; on or after January 1, 2022.** For tax years beginning on or after January 1, 2022, an eligible individual who files a return as a part-year resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the federal earned income credit for the same taxable year for an eligible part-year individual who does not have a qualifying child and 25% of the federal earned income credit for the same taxable year for all other eligible part-year individuals, multiplied by a ratio, the numerator of which is the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph B for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income, as modified by section 5122.

**PART E  
SUMMARY**

This Part increases the earned income tax credit for tax years beginning on or after January 1, 2022, from 25% to 50% of the federal earned income tax credit for individuals with no qualifying children and from 12% to 25% of the federal earned income tax credit for all other eligible individuals.

**PART F**

**Sec. F-1. 36 MRSA § 5219-KK, sub-§ 2-D**, as enacted by PL 2021, c.398, Pt H, § 8, is amended to read:

**2-D. Credit in 2022 and after.** For tax years beginning on or after January 1, 2022, a resident individual is allowed a credit against the taxes imposed under this Part equal to the amount by which the benefit base for the resident individual exceeds 4% of the resident individual's income. The credit may not exceed ~~\$750~~\$1,000 for resident individuals under 65 years of age as of the last day of the taxable year or ~~\$1,200~~\$1,500 for resident individuals 65 years of age and older as of the last day of the taxable year. In the case of married individuals filing a joint return, only one spouse is required to be 65 years of age or older to qualify for the ~~\$1,200~~\$1,500 credit limitation. Married taxpayers filing separate returns do not qualify for the credit under this section.

**PART F  
SUMMARY**

This Part increases the maximum property tax fairness credit for tax years beginning on or after January 1, 2022, from \$750 to \$1,000 for resident individuals under 65 years of age and from \$1,200 to \$1,500 for resident individuals 65 years of age and older.

**PART G**

**Sec. G-1. 36 MRSA §5122, sub-§2, ¶XX** is enacted to read:

XX. For tax years beginning on or after January 1, 2022, to the extent included in federal adjusted gross income, student loan payments made directly to a lender on behalf of the taxpayer by a student loan repayment program funded by a nonprofit foundation and

administered by the Finance Authority of Maine for residents of the State employed by a business located in the State.

## PART G SUMMARY

This Part provides an income tax deduction for payments made directly to a lender on behalf of a taxpayer by a student loan repayment program funded by a nonprofit foundation and administered by the Finance Authority of Maine for residents of the State employed by a business located in the State. The deduction applies to tax years beginning on or after January 1, 2022.

## PART H

**Sec. H-1. 20-A MRSA §12541, sub-§1-A** is repealed.

**Sec. H-2. 20-A MRSA §12541, sub-§4** is repealed.

**Sec. H-3. 20-A MRSA §12541, sub-§4-A** is repealed.

**Sec. H-4. 20-A MRSA §12541, sub-§5** is repealed.

**Sec. H-5. 20-A MRSA §12541, sub-§8** is repealed.

**Sec. H-6. 20-A MRSA §12541, sub-§9** is repealed.

**Sec. H-7. 20-A MRSA §12542, sub-§1, first full paragraph** is amended to read:

**1. Program created; goals.** The Job Creation Through Educational Opportunity Program, referred to in this chapter as "the program," is created to provide ~~an educational opportunity~~ a student loan repayment tax credit to Maine residents who obtain an associate degree or a bachelor's degree in this State, and live, work and pay taxes in this State thereafter. The program is designed to achieve the following goals:

**Sec. H-8. 20-A MRSA §12542, sub-§4-A** is amended to read:

**4-A. Administration.** The program must be administered as described in this subsection.

A. The department, in consultation with the State Tax Assessor, shall make information about the program available on the department's publicly accessible website. The department shall refer any questions regarding the program to the relevant accredited Maine community college, college or university's financial aid office. The assessor shall provide to an accredited Maine community college, college or university information that is necessary to document a student's eligibility for the ~~educational opportunity~~ student loan repayment tax credit.

B. ~~A Maine resident who enrolls in an accredited Maine community college, college or university who receives financial aid in the form of loans must have the opportunity to participate in the program.~~ An accredited Maine community college, college or university shall, at a minimum, provide information about the program in financial aid award materials, entrance interviews, exit interviews, materials listing financial aid resources and, as appropriate, any promotional materials

provided by state agencies, to the extent such contacts with students are already part of the accredited Maine community college, college or university's procedures.

~~C. An accredited Maine community college, college or university must document for the student information required for purposes of the educational opportunity tax credit, including, once the student has earned the degree, the total principal of loans the student received as part of that student's financial aid package related to course work completed at the accredited Maine community college, college or university. The accredited Maine community college, college or university shall provide an original or certified copy to the student and shall retain a copy of the documentation in its files for at least 10 years after the student graduates.~~

**Sec. H-9. 20-A MRSA §12542, sub-§5 is repealed.**

**Sec. H-10. 20-A MRSA §12543 is amended to read:**

It is the intent of the Legislature that neither the existence of the program nor the benefits provided under the ~~educational opportunity~~ student loan repayment tax credit serve as justification to decrease other funds appropriated or allocated to accredited Maine community colleges, colleges or universities, including institutions in the Maine Community College System and the University of Maine System, or to other higher education programs.

**Sec. H-11. 20-A MRSA §12545 is repealed.**

**Sec H-12. 36 MRSA §2535, is amended to read:**

A taxpayer is allowed a credit against the tax otherwise due under this chapter as determined under section 5217-D. The credit provided by this section, including any carryover of excess credit from prior years, may not be claimed for tax years beginning on or after January 1, 2022.

**Sec H-13. 36 MRSA §5217-D, sub-§6 is enacted to read:**

**6. Application.** Notwithstanding any provision of this section to the contrary, the credit provided by this section, including any carryover of excess credit from prior years, may not be claimed for tax years beginning on or after January 1, 2022.

**Sec H-14. 36 MRSA §5217-E is enacted to read:**

**§5217-E. Student Loan Repayment Tax Credit**

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

**A. "Accredited community college, college or university" means an institution of higher education that is accredited by a regional accrediting association or by one of the specialized accrediting agencies recognized by the United States Secretary of Education.**

**B. "Earned income" has the same meaning as in the Code, Section 32(c)(2).**

B. "Employer" has the same meaning as the term "employing unit," as defined in Title 26, section 1043, subsection 10.

C. "Financial aid package" means financial aid obtained by a student for attendance at an accredited community college, college or university for an associate, bachelor's or graduate degree obtained by the student from an accredited community college, college or university after December 31, 2007. "Financial aid package" may include private loans or less than the full amount of loans under federal programs, depending on the practices of the accredited community college, college or university.

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

(1) Obtained an associate, bachelor's or graduate degree from an accredited community college, college or university after December 31, 2007;

(2) During the taxable year, was a resident individual as defined in section 5102(5); and

(3) During the taxable year had earned income of at least the State minimum wage, as defined in Maine Revised Statutes, Title 26, section 664, subsection 1, as adjusted for cost of living increases, as determined on January 1 of the taxable year, multiplied by 936 hours. The assessor may adopt rules reducing this amount if a portion of the taxable year falls within a disaster period. Rules adopted pursuant to this subparagraph are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

E. "Regional accrediting association" means a regional accrediting association that is either (1) any of the United States accrediting associations/commissions that comprise the Council of Regional Accrediting Commissions, or (2) an equivalent non-United States accrediting association, commission, or government entity that is a reliable authority on the quality of the education or training provided by the institutions of higher education it accredits or charters and that applies standards substantially equivalent to those utilized by the associations/commissions that comprise the Council of Regional Accrediting Commissions.

**2. Credit allowed.** For taxable years beginning on or after January 1, 2022, a qualified individual is allowed a refundable credit against the tax imposed by this Part in accordance with the provisions of this section. The credit, with respect to a qualified individual, is equal to the amount of loan payments made directly by the taxpayer to the lender during the taxable year plus the amount of any carryover allowed in accordance with paragraph C, up to a maximum of \$2,000. The credit is created to implement the Job Creation Through Educational Opportunity Program established under Title 20-A, chapter 428-C.

A. A taxpayer may claim a credit under this section based on loan payments made directly by the taxpayer to a relevant lender or lenders only with respect to loans that are part of the qualified individual's financial aid package and only with respect to loan payment amounts paid directly by the taxpayer during that part of the taxable year that the qualified individual was a resident individual. 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, but only in proportion to the portion of the loan payments that are otherwise eligible under this section.

B. Loans obtained from a person related to the qualified individual or from any person by reason of a loan under any qualified employer plan or under a contract referred to in the Code, Section

72(p)(5) do not qualify for the credit under this section. For purposes of this paragraph, a person is considered related to the qualified individual if that person meets the criteria listed in the Code, Section 267(b) or Section 707(b)(1). As used in this paragraph, "qualified employer plan" has the same meaning as in the Code, Section 72(p)(4).

C. For taxable years beginning on or after January 1, 2022 and before January 1, 2027, a qualified individual with unused carryover credits pursuant to section 5217-D, subsection 2, paragraph A from the credit for educational opportunity generated in the past 10 years, may carry over and apply to the credit amount allowed pursuant to this section the portion, as reduced from year to year, of any unused credits.

D. A qualified individual may only receive a credit otherwise allowed pursuant to this section up to a total lifetime credit cap amount of \$25,000.

**Sec. H-15. 36 MRS §5122, sub-§ 2, ¶ FF**, as amended by PL 2013, c. 525, §14, is repealed.

**Sec. H-16. Application.** The section of this Part that repeals Maine Revised Statutes, Title 36, section 5122, subsection 2, paragraph FF applies to taxable years beginning on or after January 1, 2022.

## **PART H SUMMARY**

This Part replaces the current credit for educational opportunity with a broader and simpler credit of up to \$2,000 for an individual's repayment of student loans for taxable years beginning on or after January 1, 2022. Unused credit carryover amounts from the credit for educational opportunity may be claimed and applied to the new credit by a qualified individual for tax years beginning before January 1, 2027, subject to the annual credit limit of \$2,000. This also repeals the insurance premiums tax credit for educational opportunity for tax years beginning on or after January 1, 2022.

## **PART L**

**Sec. L-1. COVID Pandemic Relief Payment Program Fund, Other Special Revenue Funds account established.** The State Controller shall establish a nonlapsing COVID Pandemic Relief Payment Program Fund, Other Special Revenue Funds account, which is funded through a transfer from the available balance of the unappropriated surplus of the General Fund pursuant to section 2 of this Part.

**Sec. L-2. Transfer from General Fund unappropriated surplus; COVID Pandemic Relief Payment Program Fund.** Notwithstanding any other provision of law to the contrary, on or before June 30, 2022, the State Controller shall transfer \$411,000,000 from the unappropriated surplus of the General Fund to the Department of Administrative & Financial Services, COVID Pandemic Relief Payment Program Fund, Other Special Revenue Fund account for the purpose of providing payments to help eligible Maine citizens recover from economic impacts from the



epidemic related to coronavirus disease 2019, referred to in this Part as "the COVID-19 pandemic." At the close of fiscal year 2023-24, amounts remaining in the COVID Pandemic Relief Payment Program Fund, Other Special Revenue Funds account must be transferred to the Budget Stabilization Fund.

**Sec. L-3. COVID Pandemic Relief Payment Program established.** The COVID Pandemic Relief Payment Program is established to help Maine people respond to the economic fallout of the COVID-19 pandemic and enable Maine people to combat rising costs due to pandemic-induced inflation and supply-chain impacts. This relief payment can be utilized by eligible Maine citizens to offset expenses incurred as a result of the COVID-19 pandemic, including, without limitation, personal, family, living or funeral expenses.

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Assessor" means the State Tax Assessor.

B. "Eligible Maine citizen" means an individual who:

(1) Filed, by October 31, 2022, a Maine income tax return as a full-year resident of the State for the tax year;

(2) Has federal adjusted gross income for the tax year of less than:

(a) For individuals filing married joint returns or surviving spouses permitted to file a joint return, \$150,000;

(b) For an individual filing as a head of household, \$112,500;

(c) For a single individual, \$75,000; or

(d) For married persons filing separate returns, \$75,000; and

(3) May not be claimed as a dependent on another taxpayer's return for that tax year.

C. "Fund" means the COVID Pandemic Relief Payment Program Fund, Other Special Revenue Funds account established by the State Controller pursuant to section 1.

D. "Relief payment" means the COVID Pandemic Relief Payment determined pursuant to subsection 2.

E. "Tax year" means a tax year beginning on or after January 1, 2021 but not later than December 31, 2021.

Any other terms used in this section have the same meaning as when used in a comparable context in the Maine Revised Statutes, Title 36, Part 8 relating to Maine income taxes, unless different meanings are clearly required.

**2. COVID Pandemic Relief Payment.** The assessor shall make COVID Pandemic Relief payments in accordance with this subsection.

A. The assessor shall identify each eligible Maine citizen, as defined pursuant to subsection 1.

B. Beginning on or after July 1, 2022 but not later than December 31, 2022, the assessor shall make a \$510 relief payment to each eligible Maine citizen. Funds for the relief payments must come from the Fund and are not subject to setoff to debts owed to agencies of the State.

C. An individual who has not received a payment under paragraph B may provide documentation to the assessor by March 31, 2023 showing that the individual is an eligible Maine citizen. The assessor shall review the documentation, determine if the individual is an eligible Maine citizen and notify the individual of any adverse determination. This determination is final agency action not reviewable pursuant to the Maine Revised Statutes, Title 36, section 151.

D. By June 30, 2023, the assessor shall make a \$510 relief payment to each eligible Maine citizen determined eligible pursuant to paragraph C. Funds for the relief payments must come from the Fund and are not subject to setoff to debts owed to agencies of the State.

**Sec. L-4. State income tax subtraction modification.** For tax years beginning on or after January 1, 2022 but not later than December 31, 2023, in determining the taxable income of a resident individual, within the meaning of the Maine Revised Statutes, Title 36, section 5122, federal adjusted gross income shall be reduced by an amount equal to the COVID Pandemic Relief Payment received by the taxpayer pursuant to this Part, to the extent the payment is included in federal adjusted gross income for the taxable year.

**Sec. L-5. Designation as unclaimed property.** For purposes of the COVID Pandemic Relief Payment Program, COVID Pandemic Relief Payment checks that remain undeposited on January 1, 2024, are to be treated as unclaimed property, not subject to the notice and receipt provisions set forth in 33 M.R.S. § 2101 and the one-year dormancy period set forth in 33 M.R.S. § 2061, as applied to such checks. The State Treasurer shall use unclaimed property systems and networks to find the proper recipients of such checks as quickly as possible to reduce the adverse economic consequences of COVID-19.

## PART L SUMMARY

This Part creates the COVID Pandemic Relief Payment Program to provide COVID Pandemic Relief Payments to eligible Maine citizens to promote the general welfare of the citizens of the State for reasonable and necessary unreimbursed expenses incurred as a result of the COVID-19 pandemic disaster. To fund the program, this Part creates the COVID Pandemic Relief Payment Program Fund, Other Special Revenue Funds account and transfers \$411,000,000 to the Fund from the unappropriated surplus of the General Fund. The Fund may be used for a \$510 payment to each eligible Maine citizen and the costs of administration, programming, mailing, public outreach, and taxpayer assistance associated with the program.