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An Act To Allow a Tax Credit for Tuition Paid to Private Schools

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

Sec. 1. 36 MRS §5219-FF is enacted to read:

§ 5219-FF. Private school tuition credit

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

A. "Dependent" means a dependent as defined by Section 152 of the Code.

B. "Private school" means a private academy, seminary, institute or other private corporation or body formed for educational purposes covering prekindergarten to grade 12, or any portion thereof, that is recognized by the Commissioner of Education as a private school for the period during which the credit allowed under this section is claimed.

2. Credit allowed. A resident individual is allowed a credit against the tax otherwise due under this Part of up to \$2,500 for total tuition paid by the resident individual to a private school for the resident individual or the resident individual's dependent during the taxable year.

3. Nonresident taxpayer. A nonresident individual is allowed a credit against the tax otherwise due under this Part in the amount of the tax credit allowed under subsection 2 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.

4. Part-year resident taxpayer. An 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 the tax credit allowed under subsection 2 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.

5. Limitation; carry-over. The credit under this section may not reduce the tax otherwise due under this Part to less than zero. An individual entitled to a 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 5 taxable years the portion, as reduced from year to year, of any unused credit.

Sec. 2. Application. This Act applies to tax years beginning on or after January 1, 2011.

SUMMARY

This bill provides for an income tax credit of up to \$2,500 for tuition paid to a private school for prekindergarten to grade 12 for a taxpayer or a dependent of the taxpayer.