

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

Amend the bill by striking out all of section 14 and inserting the following:

**‘Sec. 14. 36 MRSA §5122, sub-§2, ¶FF**, as amended by PL 2011, c. 138, §1 and affected by §4, is further amended to read:

FF. To the extent included in federal adjusted gross income, student loan payments made by the taxpayer's employer directly to a lender on behalf of a qualified employee in accordance with section 5217-D, whether or not the employer claims, or could claim, the credit provided by section 5217-D, subsection 5;

Amend the bill in section 15 in §5217-D in subsection 1 by striking out all of paragraph D-1 (page 4, lines 5 to 14 in L.D.) and inserting the following:

‘D-1. "Principal cap" means:

(1) For an individual graduating from an accredited Maine community college, college or university before January 1, 2015, the amount calculated by the State Tax Assessor under Title 20-A, section 12542, former subsection 2-A;

(2) For an individual obtaining a bachelor's degree and graduating from an accredited Maine community college, college or university on or after January 1, 2015, the average in-state tuition and mandatory fees for attendance at the University of Maine System for the academic year ending during the calendar year prior to the year of graduation multiplied by 4; and

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

Amend the bill in section 15 in §5217-D in subsection 1 in paragraph G by striking out all of subparagraph (5) (page 5, lines 7 to 12 in L.D.) and inserting the following:

(5) Worked during the taxable year:

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

(b) For tax years beginning on or after January 1, 2015, at least part time in this State for an employer or as a self-employed individual or was, during the taxable year, 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 subparagraph, "deployed for military service" has the same meaning as in Title 26, section 814, subsection 1, paragraph A.

Amend the bill in section 15 in §5217-D in subsection 2 by striking out all of paragraph B (page 5, lines 37 to 43 and page 6, lines 1 to 12 in L.D.) and inserting the following:

'B. ~~More than one~~A taxpayer may claim a credit based on loan payments actually made to a relevant lender or lenders to benefit a single opportunity program participant, but no 2 taxpayers may claim the credit based on the same payment 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 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. 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.'

Amend the bill in section 15 in §5217-D in subsection 3 in the 2nd blocked paragraph in the 4th, 5th and 6th lines (page 7, lines 2 to 4 in L.D.) by striking out the following: "or, with regard to an individual obtaining an associate degree in any field on or after January 1, 2015, to obtain an associate degree from an accredited Maine community college, college or university"

Amend the bill in section 15 in §5217-D in subsection 5 in the 2nd line (page 7, line 20 in L.D.) by inserting after the following: "payments" the following: 'directly to a lender'

## SUMMARY

This amendment clarifies that only loan payments paid directly to a lender by an employer qualify for an employer tax credit. This change is consistent with current law. The amendment reinstates the proper calculation of the principal cap for individuals obtaining an associate degree. The amendment clarifies that an employee may claim the deduction for loan payments made by an employer only if the

employer pays the education loan payments directly to a lender. The amendment clarifies that eliminating the requirement that a qualified individual work for an employer located in Maine and extending the credit to self-employed individuals apply to tax years beginning on or after January 1, 2015.

The amendment clarifies that only loan payments made directly to lenders qualify for the credit and certain changes apply to tax years beginning on or after January 1, 2015: the requirement that loan payments must be made during that part of the tax year during which the qualified individual worked in Maine; the exception that allows an individual to work in Maine for only part of a month to be considered to have worked in Maine for the whole month; and the exception that allows an individual to work outside Maine for up to 3 months and still be considered to have worked in Maine during those months.

The amendment also removes the provision in the bill that proposed to make the credit refundable for all associate degrees rather than just those in science, technology, engineering and mathematics disciplines.