



130th MAINE LEGISLATURE

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Legislative Document

No. 973

H.P. 719

House of Representatives, March 9, 2021

An Act Regarding the Educational Opportunity Tax Credit

Reference to the Committee on Taxation suggested and ordered printed.

Robert B. Hunt
ROBERT B. HUNT
Clerk

Presented by Representative WOOD of Portland.

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

2 **Sec. 1. 36 MRSA §5217-D, sub-§2, ¶B,** as amended by PL 2015, c. 482, §4, is
3 further amended to read:

4 B. A taxpayer may claim a credit based on loan payments actually made to a relevant
5 lender or lenders under this section only with respect to loans that are part of the
6 qualified individual's financial aid package and, for tax years beginning on or after
7 January 1, 2015, only with respect to loan payment amounts paid by the taxpayer
8 during that part of the taxable year that the qualified individual worked in this State.
9 Payment of loan amounts in excess of the amounts due during the taxable year does
10 not qualify for the credit. For tax years beginning before January 1, 2015, refinanced
11 loans that are part of the qualified individual's financial aid package are eligible for the
12 credit under this section if the refinanced loans remain separate from other debt,
13 including debt incurred in an educational program other than the degree program for
14 which a credit is claimed under this section. For tax years beginning on or after January
15 1, 2015, refinanced loans or consolidated loans that are part of the qualified individual's
16 financial aid package are eligible for the credit under this section if the refinanced loans
17 or consolidated loans remain separate from other debt, except for debt incurred in an
18 educational program, but only in proportion to the portion of the loan payments that
19 are otherwise eligible under this section. Forbearance or deferment of loan payments
20 does not affect eligibility for the credit under this section. For tax years beginning on
21 or after January 1, 2015, an individual who worked in this State for any part of a month
22 during the Maine residency period of the taxable year is considered to have worked in
23 this State for the entire month. For tax years beginning on or after January 1, 2015, an
24 individual who worked outside this State for an entire month during the Maine
25 residency period is considered to have worked in this State during that month, except
26 that in no case may this exception exceed 3 months during the Maine residency period
27 of the taxable year. A qualified individual may claim the credit for all payments made
28 by April 1, 2021 for obligations on a loan due in tax year 2020 and may claim the credit
29 for all payments made by December 21, 2021 for obligations on a loan due in tax year
30 2021. For tax years beginning on or after January 1, 2022, a qualified individual may
31 claim credit for a payment made prior to the due date for an obligation on a loan due
32 that tax year regardless of when during that tax year the payment is made and a
33 qualified individual in the first 2 years of participation in the Job Creation Through
34 Educational Opportunity Program established under Title 20-A, chapter 428-C at any
35 time before the end of the 2 years may make a catch-up payment up to the allowed
36 payment amount for obligations of a loan due in those 2 years.

37 **SUMMARY**

38 This bill allows a qualified individual receiving a credit under the Job Creation Through
39 Educational Opportunity Program until April 1, 2021 to make payments on obligations for
40 loans due in tax year 2020 and until December 1, 2021 for payments due in tax year 2021.
41 For tax years beginning January 1, 2022, the bill allows prepayment prior to the due date
42 on obligations for loans due that tax year and for qualified individuals to be able to make
43 catch-up payments in the first 2 years of their participation in the program.