



131st MAINE LEGISLATURE

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Legislative Document

No. 1355

H.P. 869

House of Representatives, March 28, 2023

**An Act to Establish a Behavioral Health Employment Income Tax
Credit for Student Loan Payments**

Reference to the Committee on Taxation suggested and ordered printed.

Robert B. Hunt
ROBERT B. HUNT
Clerk

Presented by Representative RISEMAN of Harrison.
Cosponsored by Senator BRENNER of Cumberland and
Representatives: ABDI of Lewiston, COPELAND of Saco, CROCKETT of Portland,
DHALAC of South Portland, DODGE of Belfast, GRAMLICH of Old Orchard Beach,
MADIGAN of Waterville, WARREN of Scarborough.

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

2 **Sec. 1. 36 MRSA §5217-E, sub-§2**, as enacted by PL 2021, c. 635, Pt. H, §15, is
3 amended to read:

4 **2. Credit allowed.** For taxable years beginning on or after January 1, 2022, a qualified
5 individual is allowed a refundable credit against the tax imposed by this Part in accordance
6 with the provisions of this section. The credit, with respect to a qualified individual other
7 than a behavioral health clinician, is equal to the amount of loan payments made directly
8 by the taxpayer to the lender during the taxable year plus the amount of any ~~carryover~~ carry-
9 over allowed in accordance with paragraph C, up to a maximum of \$2,500. The credit, with
10 respect to a qualified individual who is a behavioral health clinician, is equal to the amount
11 of loan payments made directly by the taxpayer to the lender during the taxable year plus
12 the amount of any carry-over allowed in accordance with paragraph C, up to a maximum
13 of \$5,000. The credit is created to implement the Job Creation Through Educational
14 Opportunity Program established under Title 20-A, chapter 428-C.

15 A. A qualified individual may claim a credit under this section based on loan payments
16 made directly by the taxpayer to a relevant lender or lenders only with respect to loans
17 that are part of the qualified individual's financial aid package and only with respect to
18 loan payment amounts paid directly by the taxpayer during that part of the taxable year
19 that the qualified individual was a resident individual. Refinanced loans or
20 consolidated loans that are part of the qualified individual's financial aid package are
21 eligible for the credit under this section if the refinanced loans or consolidated loans
22 remain separate from other debt, but only in proportion to the portion of the loan
23 payments that are otherwise eligible under this section.

24 B. Loans obtained from a person related to the qualified individual or from any person
25 by reason of a loan under any qualified employer plan or under a contract referred to
26 in the Code, Section 72(p)(5) do not qualify for the credit under this section. For
27 purposes of this paragraph, a person is considered related to the qualified individual if
28 that person meets the criteria listed in the Code, Section 267(b) or Section 707(b)(1).
29 As used in this paragraph, "qualified employer plan" has the same meaning as in the
30 Code, Section 72(p)(4).

31 C. For taxable years beginning on or after January 1, 2022 and before January 1, 2027,
32 a qualified individual with unused ~~carryover~~ carry-over credits pursuant to section
33 5217-D, subsection 2, paragraph A from the credit for educational opportunity
34 generated in the 10 years from January 1, 2012 to December 31, 2021 may carry over
35 and apply to the credit amount allowed pursuant to this section the portion, as reduced
36 from year to year, of any unused credits.

37 D. A qualified individual may only receive a credit otherwise allowed pursuant to this
38 section up to a total lifetime credit cap amount of \$25,000, except that for a qualified
39 individual who is a behavioral health clinician, the total lifetime credit cap amount is
40 \$50,000.

41 E. With respect to a qualified individual who received a credit pursuant to section
42 5217-D that reduced the qualified individual's tax liability or resulted in a refundable
43 credit, to the extent the credit is based on loans included in the financial aid package
44 acquired to obtain a bachelor's degree or associate degree in science, technology,

1 engineering or mathematics in any taxable year beginning on or after January 1, 2019
2 and before January 1, 2022, the maximum credit allowed under this section is \$3,500
3 for the qualified individual's taxable year beginning in either 2022 or 2023, whichever
4 taxable year is elected by the qualified individual. Any credit amount allowed in excess
5 of \$2,500 as a result of this paragraph is not applied against the lifetime credit cap
6 under paragraph D.

7 F. With respect to a qualified individual who is a behavioral health clinician, that
8 individual must be licensed to practice in a clinical capacity in an agency licensed by
9 the State to provide mental health or substance use disorder treatment services and be
10 engaged in that employment for at least 5 years.

11 **Sec. 2. Application.** This Act applies to tax years beginning on or after January 1,
12 2023.

13 **SUMMARY**

14 This bill amends the student loan repayment tax credit for behavioral health clinicians
15 to double the maximum tax credit from \$2,500 per year to \$5,000 per year and to double
16 the lifetime cap to \$50,000. To be eligible for the enhanced credit, the bill requires a
17 behavioral health clinician to be licensed to practice in an agency licensed by the State to
18 provide mental health or substance use disorder treatment services and be engaged in that
19 employment for at least 5 years.