



# 125th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2011

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Legislative Document

No. 1174

H.P. 872

House of Representatives, March 17, 2011

**An Act To Help Maine's Employers To Recruit Skilled Workers by  
Expanding the Availability of the Educational Opportunity Tax  
Credit**

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST  
Clerk

Presented by Representative KNIGHT of Livermore Falls.  
Cosponsored by Senator WOODBURY of Cumberland and  
Representatives: BRIGGS of Mexico, CORNELL du HOUX of Brunswick, CURTIS of  
Madison, HARMON of Palermo, KNAPP of Gorham, WAGNER of Lewiston, Senators:  
GERZOFSKY of Cumberland, GOODALL of Sagadahoc.

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

2 **Sec. 1. 20-A MRSA §12541, sub-§1**, as amended by PL 2009, c. 553, Pt. A, §1,  
3 is further amended to read:

4 **1. Accredited community college, college or university.** "Accredited ~~Maine~~  
5 community college, college or university" means an institution that is accredited by a  
6 regional accrediting association or by one of the specialized accrediting agencies  
7 recognized by the United States Secretary of Education ~~and is, including, but not limited~~  
8 to:

9 A. Any campus of the Maine Community College System;

10 B. Any campus of the University of Maine System;

11 C. The Maine Maritime Academy;

12 D. Any educational institution that is located in this State and has authorization to  
13 confer an associate degree or a bachelor's degree, in accordance with sections 10704  
14 and 10704-A;

15 E. Any educational institution that is located in this State and is exempted from  
16 chapter 409 under section 10708, subsections 1 and 2; and

17 F. Any educational institution that is located in this State and is operating under a  
18 certificate of temporary approval from the state board under section 10703, to the  
19 extent that a student is ultimately able either to obtain an associate or a bachelor's  
20 degree at that institution or to transfer to and obtain a degree from an institution  
21 described in paragraphs A to E.

22 **Sec. 2. 20-A MRSA §12541, sub-§4-A**, as enacted by PL 2009, c. 553, Pt. A, §4,  
23 is amended to read:

24 **4-A. Financial aid package.** "Financial aid package" means all financial aid  
25 received by a student and includes any loans that are certified by an accredited ~~Maine~~  
26 community college, college or university's financial aid office, subject to any changes  
27 made by that institution's financial aid office. These loans may include private loans for  
28 the cost of attendance at an accredited ~~Maine~~ community college, college or university or  
29 less than the full amount of loans under federal programs, depending on the practices of  
30 the accredited ~~Maine~~ community college, college or university.

31 **Sec. 3. 20-A MRSA §12542, sub-§1**, as enacted by PL 2007, c. 469, Pt. A, §1, is  
32 amended to read:

33 **1. Program created; goals.** The Job Creation Through Educational Opportunity  
34 Program, referred to in this chapter as "the program," is created to reimburse  
35 education-related costs for Maine residents who obtain an associate degree or a bachelor's  
36 degree ~~in this State~~, and live, work and pay taxes in this State thereafter. The program is  
37 designed to achieve the following goals:

38 A. Promote economic opportunity for people in this State by ensuring access to the  
39 training and higher education that higher-paying jobs require;

- 1 B. Bring more and higher-paying jobs to this State by increasing the skill level of  
2 this State's workforce;
- 3 C. Offer educational opportunity and retraining to individuals impacted by job loss,  
4 workplace injury, disability or other hardship;
- 5 D. Keep young people in this State through incentives for educational opportunity  
6 and creation of more high-paying jobs; and
- 7 E. Accomplish all of the goals in this subsection with as little bureaucracy as  
8 possible.

9 **Sec. 4. 20-A MRSA §12542, sub-§2-A**, as enacted by PL 2009, c. 553, Pt. A, §9,  
10 is amended to read:

11 **2-A. Principal cap.** The principal cap limits the loan principal for purposes of  
12 claiming the educational opportunity tax credit. The University of Maine System and the  
13 Maine Community College System shall publish on their respective publicly accessible  
14 websites the average in-state tuition and mandatory fees applicable to their respective  
15 programs and provide those figures to the State Tax Assessor ~~and all accredited Maine~~  
16 ~~community colleges, colleges and universities~~ by September 1st each year.

17 A. For an individual graduating in 2010, the individual's principal cap is \$7,865 for a  
18 bachelor's degree earner or \$3,300 for an associate degree earner, multiplied by the  
19 number of years of full-time attendance to obtain the relevant degree.

20 B. Beginning in 2010, by November 1st annually the State Tax Assessor shall  
21 multiply the educational cost-of-living adjustment by the principal cap applicable to  
22 individuals who graduate in that calendar year; the result is the principal cap for  
23 individuals who graduate during the following calendar year.

24 C. For an individual earning a degree from an accredited ~~Maine~~ community college,  
25 college or university, the relevant accredited ~~Maine~~ community college, college or  
26 university shall certify, once the individual has earned the degree, the total principal  
27 of loans the individual received as part of that individual's financial aid package.

28 D. For an individual whose student loans exceed the principal cap, a benchmark loan  
29 payment must be calculated as described in this paragraph. The State Tax Assessor  
30 shall annually by November 1st calculate what the monthly payment would be on a  
31 loan for the amount of the principal cap, to be paid over 10 years, at the interest rate  
32 offered for federally subsidized Stafford loans under 20 United States Code, Section  
33 1077a, during the individual's last year of enrollment at an accredited ~~Maine~~  
34 community college, college or university.

35 **Sec. 5. 20-A MRSA §12542, sub-§3, ¶B**, as amended by PL 2009, c. 553, Pt. A,  
36 §10, is further amended to read:

37 B. An individual must attend and obtain an associate degree or a bachelor's degree  
38 from an accredited ~~Maine~~ community college, college or university. The individual  
39 need not obtain the degree from the institution in which that individual originally  
40 enrolled, as long as all course work toward the degree is performed at accredited  
41 ~~Maine~~ community colleges, colleges or universities;

1           **Sec. 6. 20-A MRSA §12542, sub-§3-A, ¶C**, as enacted by PL 2009, c. 553, Pt.  
2 A, §11, is amended to read:

3           C. The individual, including an individual who has graduated from an accredited  
4 ~~Maine~~ community college, college or university after January 1, 2008, may refinance  
5 educational loans only if they remain separate from other debt, whether  
6 noneducational debt or educational debt incurred in a program other than the degree  
7 program for which the educational opportunity tax credit is claimed.

8           **Sec. 7. 20-A MRSA §12542, sub-§4-A**, as enacted by PL 2009, c. 553, Pt. A,  
9 §13, is amended to read:

10           **4-A. Administration.** The program must be administered as described in this  
11 subsection.

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

19           B. A Maine resident who enrolls in an accredited ~~Maine~~ community college, college  
20 or university who receives financial aid in the form of loans must have the  
21 opportunity to participate in the program. An accredited ~~Maine~~ community college,  
22 college or university in Maine shall, at a minimum, provide information about the  
23 program in financial aid award materials, entrance interviews, exit interviews,  
24 materials listing financial aid resources and, as appropriate, any promotional  
25 materials provided by state agencies, to the extent such contacts with students are  
26 already part of the accredited ~~Maine~~ community college, college or university's  
27 procedures.

28           C. An accredited ~~Maine~~ community college, college or university in Maine must  
29 document for the student information required for purposes of the educational  
30 opportunity tax credit. The accredited ~~Maine~~ community college, college or  
31 university shall provide an original or certified copy to the student and shall retain a  
32 copy of the documentation in its files for at least 10 years after the student graduates.

33           D. An individual may take advantage of any forbearance or deferment provisions in  
34 the relevant loan agreements without forfeiting the right to claim the educational  
35 opportunity tax credit when the individual resumes repayment. This paragraph  
36 applies to a student that obtained a bachelor's or associate degree from an accredited  
37 ~~Maine~~ community college, college or university after September 20, 2007.

38           **Sec. 8. 20-A MRSA §12542, sub-§5**, as amended by PL 2009, c. 553, Pt. A, §14,  
39 is further amended to read:

40           **5. Effective date; participation by individual already enrolled in degree**  
41 **program.** The program must commence for the first semester that begins after ~~the~~  
42 ~~effective date of this chapter~~ September 20, 2007. A Maine resident who when the

1 program commences is enrolled in an associate or a bachelor's degree program at an  
2 accredited ~~Maine~~ community college, college or university may participate, subject to the  
3 same essential terms as other program participants. Such an individual need only meet  
4 the eligibility requirements in subsection 3 from January 1, 2008 forward.

5 **Sec. 9. 20-A MRSA §12543**, as amended by PL 2009, c. 553, Pt. A, §16, is  
6 further amended to read:

7 **§12543. Effect on funding of higher education**

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

13 **SUMMARY**

14 This bill amends the Job Creation Through Educational Opportunity Program to  
15 allow a tax credit for student loans incurred by a person who receives an associate degree  
16 or a bachelor's degree from any accredited community college, college or university, not  
17 just one located in Maine.