

## **127th MAINE LEGISLATURE**

## **SECOND REGULAR SESSION-2016**

**Legislative Document** 

No. 1505

H.P. 1028

House of Representatives, December 23, 2015

An Act To Facilitate Student Loan Repayment by Allowing Graduates To Claim Educational Opportunity Tax Credits on Eligible Portions of Consolidated Loans

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Clerk of the House on December 21, 2015. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

R(+ B. Hunt

ROBERT B. HUNT Clerk

Presented by Representative McCREIGHT of Harpswell. Cosponsored by Senator LANGLEY of Hancock and Representatives: BLUME of York, DAUGHTRY of Brunswick, HEAD of Bethel, PIERCE of Falmouth, POULIOT of Augusta, TEPLER of Topsham, Senators: LIBBY of Androscoggin, ROSEN of Hancock.

- 1 **Emergency preamble. Whereas,** acts and resolves of the Legislature do not 2 become effective until 90 days after adjournment unless enacted as emergencies; and
- 3 **Whereas,** in Public Law 2015, chapter 267, certain changes were made to the 4 educational opportunity tax credit, including allowing eligible student loans that had been 5 consolidated with ineligible loans to remain eligible for the tax credit; and
- Whereas, these changes do not apply until tax years beginning on or after January 1,
  2016; and
- 8 **Whereas,** in order to meet the purpose of the tax credit and provide some relief to 9 graduates with eligible student loans, it is imperative that any delays in providing this 10 relief be eliminated as soon as possible; and
- 11 **Whereas,** in the judgment of the Legislature, these facts create an emergency within 12 the meaning of the Constitution of Maine and require the following legislation as 13 immediately necessary for the preservation of the public peace, health and safety; now, 14 therefore,
- 15 Be it enacted by the People of the State of Maine as follows:
- 16 Sec. 1. PL 2015, c. 267, Pt. QQQ, §6 is amended to read:

Sec. QQQ-6. Application. This Part applies to tax years beginning on or after
 January 1, 2016. except that the section of this Part that amends the Maine Revised
 Statutes, Title 36, section 5217-D, subsection 2, paragraph B applies to tax years
 beginning on or after January 1, 2015.

- 21 **Emergency clause.** In view of the emergency cited in the preamble, this 22 legislation takes effect when approved.
  - SUMMARY

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- 24 Currently, under the tax credit for educational opportunity, an individual is allowed a 25 credit against income tax owed by that individual for payments made on qualified student 26 loans used to obtain a postsecondary degree. Prior to tax years beginning January 1, 2016, however, if a student loan eligible for the tax credit is consolidated with an 27 ineligible loan, the otherwise eligible student loan is rendered ineligible by the 28 29 consolidation. Public Law 2015, chapter 267 allows an eligible student loan consolidated 30 with an ineligible loan to be eligible for the tax credit, but only for tax years beginning on 31 or after January 1, 2016.
- This bill provides that the change made by Public Law 2015, chapter 267 regarding consolidated student loans applies to tax years beginning on or after January 1, 2015.