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TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
128TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT " " to H.P. 674, L.D. 946, Bill, "An Act To Provide an Income Tax Credit for Students Returning to College"

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 36 MRSA §5217-D, sub-§6 is enacted to read:

6. Exclusion. The credit provided under this section is not allowed to an individual who has claimed a credit for the same loan under section 5217-E.

Sec. 2. 36 MRSA §5217-E is enacted to read:

§5217-E. Student loan credit

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Eligible individual" means an individual who has one or more qualified education loans related to an undergraduate or graduate degree program at a postsecondary educational institution.

B. "Postsecondary educational institution" means a postsecondary educational institution participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, Public Law 89-329.

C. "Qualified education loan" has the same meaning as in Section 221(d)(1) of the Code, but is limited to indebtedness incurred on behalf of the eligible individual or the eligible individual's spouse.

2. Credit allowed. For tax years beginning on or after January 1, 2017, an eligible individual or the parent of an eligible individual is allowed a credit against the tax due under this Part.

A. The credit for an eligible individual equals the amount the eligible individual paid during the taxable year on principal and interest on qualified education loans up to \$5,000.

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1 B. The credit for the parent of an eligible individual equals the amount the parent of
 2 the eligible individual paid during the taxable year to pay principal and interest on
 3 qualified education loans of the eligible individual, up to \$5,000, less the amount of
 4 credit allowed to the eligible individual under paragraph A.

5 C. For married individuals filing joint returns, the maximum credit is reduced by \$1
 6 for every \$6 of Maine adjusted gross income in excess of \$130,000. For all other
 7 filers, the maximum credit is reduced by \$1 for every \$3 of Maine adjusted gross
 8 income in excess of \$65,000. In no case is the maximum credit less than zero.

9 **3. Credit refundable.** The credit provided under this section is refundable.

10 **4. Exclusion.** The credit provided under this section is not allowed to an individual
 11 who has claimed a credit for the same loan under section 5217-D.

12 **Sec. 3. Appropriations and allocations.** The following appropriations and
 13 allocations are made.

14 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

15 **Revenue Services, Bureau of 0002**

16 Initiative: Provides funding for one Tax Examiner position and related costs to establish
 17 and administer a student loan credit.

18 GENERAL FUND	19 2017-18	20 2018-19
19 POSITIONS - LEGISLATIVE COUNT	1.000	1.000
20 Personal Services	\$57,096	\$77,265
21 All Other	\$27,429	\$4,349
22		
23 GENERAL FUND TOTAL	\$84,525	\$81,614

24

25 **SUMMARY**

26 This amendment replaces the bill, which is a concept draft. This amendment
 27 provides a refundable income tax credit of up to \$5,000 for eligible individuals and
 28 parents of eligible individuals making payments of interest and principal on qualified
 29 education loans. The credit is phased out for married individuals filing joint returns with
 30 Maine adjusted gross income in excess of \$130,000 and for other returns with Maine
 31 adjusted gross income in excess of \$65,000. The amendment also provides that an
 32 individual may claim only the credit allowed under this amendment or the credit for
 33 educational opportunity but not both.

34 This amendment provides funding for personnel and costs necessary to administer the
 35 credit.

36 **FISCAL NOTE REQUIRED**

37 **(See attached)**