



127th MAINE LEGISLATURE

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Legislative Document

No. 1383

S.P. 512

In Senate, April 30, 2015

**An Act To Attract Young People to Maine by Expanding the Job
Creation Through Educational Opportunity Program**

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
Secretary of the Senate

Presented by Senator ALFOND of Cumberland.
Cosponsored by Representative TIPPING-SPITZ of Orono and
Senators: LIBBY of Androscoggin, MILLETT of Cumberland, SAVIELLO of Franklin,
Representatives: BATES of Westbrook, DAUGHTRY of Brunswick, JORGENSEN of
Portland.

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

2 **Sec. 1. 36 MRSA §5217-D, sub-§1, ¶A**, as amended by PL 2013, c. 525, §15, is
3 further amended to read:

4 A. "Benchmark loan payment" means the monthly loan payment for the amount of
5 the principal cap paid over 10 years at the interest rate for federally subsidized
6 Stafford loans under 20 United States Code, Section 1077a applicable during the
7 individual's last year of enrollment at an accredited Maine community college,
8 college or university or an accredited non-Maine community college, college or
9 university under paragraph G, subparagraph (1), division (b).

10 **Sec. 2. 36 MRSA §5217-D, sub-§1, ¶¶B-1 and D-1**, as enacted by PL 2013, c.
11 525, §15, are amended to read:

12 B-1. "Financial aid package" means financial aid obtained by a student after
13 December 31, 2007 for attendance at an accredited Maine community college,
14 college or university or an accredited non-Maine community college, college or
15 university under paragraph G, subparagraph (1), division (b) after December 31,
16 2007. For purposes of a qualified individual claiming a credit under this section for
17 tax years beginning on or after January 1, 2013, the financial aid package may
18 include financial aid obtained for up to 30 credit hours of course work at an
19 accredited non-Maine community college, college or university earned prior to
20 transfer to an accredited Maine community college, college or university, if the 30
21 credit hours were earned after December 31, 2007 and the transfer occurred after
22 December 31, 2012. For purposes of an employer claiming a credit under this section
23 for tax years beginning on or after January 1, 2013, the financial aid package may
24 include financial aid obtained by a qualified employee after December 31, 2007 for
25 attendance at an accredited non-Maine community college, college or university after
26 December 31, 2007. The financial aid package may include private loans or less than
27 the full amount of loans under federal programs, depending on the practices of the
28 accredited Maine or non-Maine community college, college or university. Loans are
29 includable in the financial aid package only if entered into prior to July 1, 2023.

30 D-1. "Principal cap" means:

31 (1) For an individual graduating from an accredited Maine community college,
32 college or university before January 1, 2015, the amount calculated by the State
33 Tax Assessor under Title 20-A, section 12542, former subsection 2-A;

34 (2) For an individual obtaining a bachelor's degree and graduating from an
35 accredited Maine community college, college or university or an accredited non-
36 Maine community college, college or university under paragraph G,
37 subparagraph (1), division (b) on or after January 1, 2015, the average in-state
38 tuition and mandatory fees for attendance at the University of Maine System for
39 the academic year ending during the calendar year prior to the year of graduation
40 multiplied by 4; ~~and~~

41 (3) For an individual obtaining an associate degree and graduating from an
42 accredited Maine community college, college or university or an accredited non-

1 Maine community college, college or university under paragraph G,
2 subparagraph (1), division (b) on or after January 1, 2015, the average in-state
3 tuition and mandatory fees for attendance at the Maine Community College
4 System for the academic year ending during the calendar year prior to the year of
5 graduation multiplied by 2; and

6 (4) For an individual obtaining a graduate degree on or after January 1, 2016 and
7 graduating from an accredited Maine college or university or an accredited non-
8 Maine college or university, the average in-state tuition and mandatory fees for
9 attendance at the University of Maine System for the academic year ending
10 during the calendar year prior to the year of graduation multiplied by 4.

11 **Sec. 3. 36 MRSA §5217-D, sub-§1, ¶G,** as amended by PL 2013, c. 525, §15, is
12 further amended to read:

13 G. "Qualified individual" means an individual, including the spouse filing a joint
14 return with the individual under section 5221, who is eligible for the credit provided
15 in this section. An individual is eligible for the credit if the individual:

16 ~~(1) Attended; and obtained an associate or a bachelor's degree from, an~~
17 ~~accredited Maine community college, college or university after December 31,~~
18 ~~2007. The individual need not obtain the degree from the institution in which~~
19 ~~that individual originally enrolled, as long as all course work toward the degree is~~
20 ~~performed at an accredited Maine community college, college or university,~~
21 ~~except that an individual who transfers to an accredited Maine community~~
22 ~~college, college or university after December 31, 2012 from outside the State and~~
23 ~~earned no more than 30 credit hours of course work toward the degree at an~~
24 ~~accredited non-Maine community college, college or university after December~~
25 ~~31, 2007 and prior to the transfer is eligible for the credit if all other eligibility~~
26 ~~criteria are met. Program eligibility for such an individual must be determined as~~
27 ~~if the commencement of course work at the relevant accredited Maine~~
28 ~~community college, college or university was the commencement of course work~~
29 ~~for the degree program as a whole;:~~

30 (a) An associate or bachelor's degree from an accredited Maine community
31 college, college or university after December 31, 2007. The individual need
32 not obtain the degree from the institution in which that individual originally
33 enrolled, as long as all course work toward the degree is performed at an
34 accredited Maine community college, college or university, except that an
35 individual who transfers to an accredited Maine community college, college
36 or university after December 31, 2012 from outside the State and earned no
37 more than 30 credit hours of course work toward the degree at an accredited
38 non-Maine community college, college or university after December 31,
39 2007 and prior to the transfer is eligible for the credit if all other eligibility
40 criteria are met. Program eligibility for such an individual must be
41 determined as if the commencement of course work at the relevant accredited
42 Maine community college, college or university was the commencement of
43 course work for the degree program as a whole; or

1 (b) An associate, bachelor's or graduate degree from an accredited Maine or
2 non-Maine community college, college or university after December 31,
3 2015;

4 ~~(2) Was a Maine resident while in attendance at the accredited Maine~~
5 ~~community college, college or university. For purposes of this subparagraph,~~
6 ~~"Maine resident" has the same meaning as in Title 20-A, section 12541,~~
7 ~~subsection 5;~~

8 ~~(3) Lived in Maine while pursuing the degree, excepting periods when it was~~
9 ~~reasonably necessary for the individual to live elsewhere as part of the relevant~~
10 ~~institution's academic programs or while pursuing course work at an accredited~~
11 ~~non-Maine community college, college or university as provided in subparagraph~~
12 ~~(1);~~

13 (4) During the taxable year, was a resident individual; and

14 (5) Worked during the taxable year:

15 (a) For tax years beginning prior to January 1, 2015, at least part time for an
16 employer located in this State or, for tax years beginning on or after January
17 1, 2013, was, during the taxable year, deployed for military service in the
18 United States Armed Forces, including the National Guard and the Reserves
19 of the United States Armed Forces; or

20 (b) For tax years beginning on or after January 1, 2015, at least part time in
21 this State for an employer or as a self-employed individual or was, during the
22 taxable year, deployed for military service in the United States Armed
23 Forces, including the National Guard and the Reserves of the United States
24 Armed Forces.

25 As used in this subparagraph, "deployed for military service" has the same
26 meaning as in Title 26, section 814, subsection 1, paragraph A.

27 **Sec. 4. 36 MRSA §5217-D, sub-§2, ¶B**, as amended by PL 2013, c. 525, §15, is
28 further amended to read:

29 B. A taxpayer may claim a credit based on loan payments actually made to a relevant
30 lender or lenders under this section only with respect to loans that are part of the
31 qualified individual's financial aid package and, for tax years beginning on or after
32 January 1, 2015, only with respect to loan payment amounts paid by the taxpayer
33 during that part of the taxable year that the qualified individual worked in this State.
34 Payment of loan amounts in excess of the amounts due during the taxable year does
35 not qualify for the credit. Refinanced loans or consolidated loans that are part of the
36 qualified individual's financial aid package are eligible for the credit under this
37 section ~~if the refinanced loans remain separate from other debt, including debt~~
38 ~~incurred in an educational program other than the degree program for which a credit~~
39 ~~is claimed~~ but only in proportion to the portion of the loan payments that are
40 otherwise eligible under this section. Forbearance or deferment of loan payments
41 does not affect eligibility for the credit under this section. For tax years beginning on
42 or after January 1, 2015, an individual who worked in this State for any part of a
43 month during the Maine residency period of the taxable year is considered to have

1 worked in this State for the entire month. For tax years beginning on or after January
2 1, 2015, an individual who worked outside this State for an entire month during the
3 Maine residency period is considered to have worked in this State during that month,
4 except that in no case may this exception exceed 3 months during the Maine
5 residency period of the taxable year.

6 **Sec. 5. Application.** This Act applies to tax years beginning on or after January 1,
7 2016.

8 **SUMMARY**

9 This bill makes the following changes to the educational opportunity tax credit for tax
10 years beginning on or after January 1, 2016.

- 11 1. It expands eligibility to persons graduating after December, 31, 2015 from non-
12 Maine community colleges, colleges and universities.
- 13 2. It expands the credit to cover graduate degrees.
- 14 3. It removes the requirement of Maine residency while attending school.
- 15 4. It permits coverage of refinanced and consolidated loans.