

Thank you for your support of LD 1574 An Act to Amend the Credit for Educational Opportunity and Student Loan Repayment Tax Credit.

My wife and I were inspired to suggest this amendment to Representative Jackson after learning about the student loan repayment tax credit. My wife and I worked hard and made sacrifices in order to save enough money to pay off her student loans as quickly as possible. Just before reaching our lump sum savings goal we discovered the student loan tax credit. We were excited that we would be able to keep some of our hard earned money to help purchase our first home (especially considering the market conditions) and then start a family.

However, we soon discovered that in order to redeem the full value of the student loan tax credit we would need to space our payments out over the course of 10 years despite the fact that we could pay them off in their entirety now. This meant we would need to maintain those student loans and incur the interest costs. In addition it meant that our debt to income ratio would be impacted and that financing a home (or car, etc.) would be significantly limited. By allowing individuals to pay off their student loans early and redeem an annual state income tax credit up to \$2500 for 10 years, hardworking individuals in Maine will be incentivized to pay off their loans ahead of time and rewarded with lower total interest paid and an increased ability to finance homes, vehicles, etc.

With this amendment the income tax credit will be more effective in its goal to attract college graduates to join the workforce in Maine, buy homes in Maine, and make investments in Maine. It will also incentivize them to stay in Maine if they make early payments in order to obtain their annual tax credit. It can also help individuals overcome a barrier to home ownership in an already challenging market or make investments in small business ventures that support our economy.

Thank you for your thoughtful consideration of this testimony, we are looking forward to making our final student loan payment soon!