

## **Special Project**

### Select Information on the Student Loan Repayment Tax Credit and the Former Educational Opportunity Tax Credit

Prepared for the Government Oversight Committee  
by the Office of Program Evaluation & Government Accountability  
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# Introduction

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## Project Scope

In May 2025, OPEGA brought the Government Oversight Committee (GOC) a proposal to delay the regularly scheduled evaluation of the Student Loan Repayment Tax Credit (SLRTC) until at least 2027 to await more program data.<sup>1</sup> The GOC voted to delay the evaluation and also directed OPEGA to begin a special project to bring the Committee select information about the SLRTC and the previous credit, the Educational Opportunity Tax Credit (EOTC), as the Committee awaits the later evaluation.

Based on Committee discussion, OPEGA’s special project addresses the following scope questions:

- 1 What information is readily available on usage and fiscal impact for the SLRTC and EOTC?
- 2 How has the design of the credit changed over time, and how have changes impacted credit access, degree attainment in Maine, and the state’s associated revenue loss?
- 3 What does readily accessible information show about the credit’s promotion over time?
- 4 How does Maine’s current credit compare with other states’ similar credits or incentive programs including their goals and design?

Following a brief introduction, this document provides information on these scope areas in the order listed.

## About the Student Loan Repayment Tax Credit and the Educational Opportunity Tax Credit

Maine has had a tax credit for student loan payments for almost 20 years dating back to the enactment of the EOTC in 2007. The EOTC went through many iterations, starting with a more limited pool of eligible recipients and expanding over time.<sup>2</sup> The state replaced the EOTC with the SLRTC in 2022 and that credit remains active today.<sup>3</sup>

The SLRTC is a refundable income tax credit for qualified individuals for payments made on eligible student loans during the tax year and is equal to 100% of student loan payments for eligible loans up to \$2,500 a year. There is a lifetime cap per individual of \$25,000. Most educational loans for all undergraduate and graduate degrees qualify—making it broadly available to Maine taxpayers who meet income requirements.<sup>4</sup>

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<sup>1</sup> <https://legislature.maine.gov/doc/11805>

<sup>2</sup> The EOTC had a version of the credit that was also available to employers that made student loan payments on behalf of employees. According to MRS, employers rarely claimed the credit and “in each tax year 2017 – 2022 there were fewer than 5 claims and under \$20,000 in total corporate credits.”

<sup>3</sup> The first SLRTC tax filings began in 2023.

<sup>4</sup> Degrees must have been obtained after 2007 and an individual must have earned wages for the tax year of at least the minimum wage multiplied by 936 hours for the year. This means that an individual earning minimum wage would need to work at least 45% of standard working hours calculated based on a 40-hour work week for 52 weeks (2,080 working hours). See 36 MRS §5217-E(1)(E).

The SLRTC is a large credit for Maine, with an estimated General Fund revenue loss for FY2026 of \$74.8M. It is administered through the tax filing system by Maine Revenue Services (MRS). Other agencies, including the Finance Authority of Maine (FAME), the Department of Economic and Community Development (DECD), the Maine Department of Education (MDOE), and the Maine Department of Labor (MDOL) have some responsibilities related to the promotion of the credit, which will be covered later in this document.

## Statutory Goals for the Credit Have Been Unchanged Since 2007

The same statutory goals that were enacted with the EOTC remain in place for the SLRTC almost 20 years later.<sup>5</sup> The goals have remained despite the changing design of the credit over time.

### Statutory Goals

- Promote economic opportunity for people in this State by ensuring access to the training and higher education that higher-paying jobs require
- Bring more and higher-paying jobs to this State by increasing the skill level of this State's workforce
- Offer educational opportunity and retraining to individuals impacted by job loss, workplace injury, disability or other hardship
- Keep young people in this State through incentives for educational opportunity and creation of more high-paying jobs
- Accomplish all the goals in this subsection with as little bureaucracy as possible

While goals have been in statute for the entirety of the credit's existence, OPEGA did not identify any performance measures, either at present or during previous iterations, that would help to monitor and establish benchmarks for the credit's success. Some reporting has been required intermittently related to promotion (discussed in later pages), but OPEGA did not identify any requirements for routine data reporting on the credit. OPEGA found one report that evaluated the EOTC broadly, including its effectiveness. This 2022 report was published by MRS as required by public law.<sup>6</sup> OPEGA found no reports on the effectiveness of the SLRTC since its enactment in 2022.

<sup>5</sup> Goals located in 20-A MRS §12542(1) <https://legislature.maine.gov/statutes/20-A/title20-Asec12541.html>

<sup>6</sup> PL 2011, c. 665 enacted 20-A MRS §12545 which required Maine Revenue Services to report to the Taxation and Education and Culture Affairs Committees by March 1, 2021, on the implementation of the EOTC. MRS submitted a report by independent researcher, Hannah Acheson-Field, in response. See Acheson-Field, Hannah. 2022. "Implementation of the Maine Educational Opportunity Tax Credit." [https://ldc.mainelegislature.org/Open/Rpts/lb2826\\_m2h44\\_2022.pdf](https://ldc.mainelegislature.org/Open/Rpts/lb2826_m2h44_2022.pdf)  
Data and analysis from this report was also published by the author in the Maine Policy Review: <https://digitalcommons.library.umaine.edu/cgi/viewcontent.cgi?article=1925&context=mpr>

# What Information is Readily Available on Credit Usage and Fiscal Impacts?

Maine Revenue Services provided OPEGA a summary of the total EOTC and SLRTC credits claimed between tax years 2016 and 2024. The data below shows credit usage and fiscal impacts and includes a breakdown based on whether the credits were refundable and a count of the total number of tax returns that claimed the credit.

## EOTC (Pre-2022) / SLRTC (2022+) Data from Individual Income Tax Forms <sup>a</sup>

Tax Year	Refundable Credit Used	Nonrefundable Credit Used	Total Credit Used <sup>b</sup>	# Returns That Benefit <sup>c</sup>
2016	\$10,139,425	\$4,509,949	\$14,649,373	8,312
2017	\$13,093,610	\$5,986,386	\$19,079,996	9,978
2018	\$16,654,592	\$7,719,183	\$24,373,775	11,873
2019	\$19,647,553	\$10,930,477	\$30,578,030	14,593
2020	\$14,576,832	\$10,007,297	\$24,584,128	13,167
2021	\$13,521,350	\$8,910,980	\$22,432,330	9,325
2022	\$32,345,243	\$0	\$32,345,243	14,396
2023	\$45,181,500	\$0	\$45,181,500	25,992
2024	\$59,885,995	\$0	\$59,885,995	28,678

**Source:** Maine Revenue Services

<sup>a</sup> MRS notes that “credit data will change as returns are filed, amended, and adjusted. Tax year 2024 credits will increase the most because the 2024 extension deadline is not until October 2025. Tax year 2023 credits grew slightly more than 3% between when the 2023 resident return count equaled the current 2024 resident return count and today.”

<sup>b</sup> Because this is tax year data, it will not exactly match the fiscal year data in the MRS Red Book.

<sup>c</sup> Note that the count of tax returns that benefit is not a count of unique residents that benefit. Married individuals who file jointly will only show up as one tax return claiming the credit.

The number of individual tax returns claiming the loan repayment credits, and the amount of credits claimed, have increased since 2016 except for tax years 2020 and 2021. Shifts in credit design over time may have contributed to this increase (more information in the following section). The notable dip in claims in 2020 and 2021 was likely due in large part to temporary federal student loan forbearance during that time.<sup>7</sup>

Though Maine’s credit does not piggyback on any federal credit, as some other Maine’s tax credits do, the uptake and fiscal impact of Maine’s student loan repayment credit is still impacted by federal policy around student loans. Any changes at the federal level, concerning forgiveness, pauses, or even types of repayment plans, can impact whether and how much Maine people might claim in the state credit. MRS notes that the changing federal policy landscape around student loans has made it difficult to predict future revenue loss from the SLRTC.

<sup>7</sup> In the 2021 Maine State Tax Expenditure Report (also known as the Red Book), Maine Revenue Services noted that this federal forbearance began on March 20, 2020, with a planned expiration on January 31, 2021, and was likely to significantly reduce EOTC credit claims.

# How Has the Design of the Credit Changed Over Time and Impacted Credit Access, the State's Associated Revenue Loss, and Degree Attainment in Maine?

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## The Design of the Credit Has Changed Frequently Since Enactment

The design of the EOTC changed frequently since its enactment in 2007. However, since the SLRTC was enacted, the credit has been unchanged.<sup>8</sup> Most changes to the EOTC were substantive in nature affecting how the credit was administered, calculated and who had access to it. The summary below shows some of the major changes made over time.

PL 2007, Ch. 469	Enacted the Job Creation Through Educational Opportunity Program Enacted the Credit for Educational Opportunities (EOTC)
PL 2009, Ch. 553	Made changes impacting credit calculations and eligibility requirements and required state higher educational institutions to promote the program
PL 2011, Ch. 665	Allowed credits for those with up to 30 credit hours completed outside of ME Introduced refundable credit for STEM degrees
PL 2013, Ch. 417 & Ch. 525	Introduced agency promotion requirements and an appropriation for marketing & made changes to credit calculations
PL 2015, Ch. 267 & Ch. 482	Included graduate degrees starting 2016 Made changes to eligible loans
PL 2021, Ch. 635	Sunset the Credit for Educational Opportunities (EOTC) Enacted the Student Loan Repayment Tax Credit

A summary prepared by MRS of changing eligibility requirements for the credit from the enactment of the EOTC up until the shift to the SLRTC, available at the end of this report, highlights the breadth and frequency of program changes over time.<sup>9</sup>

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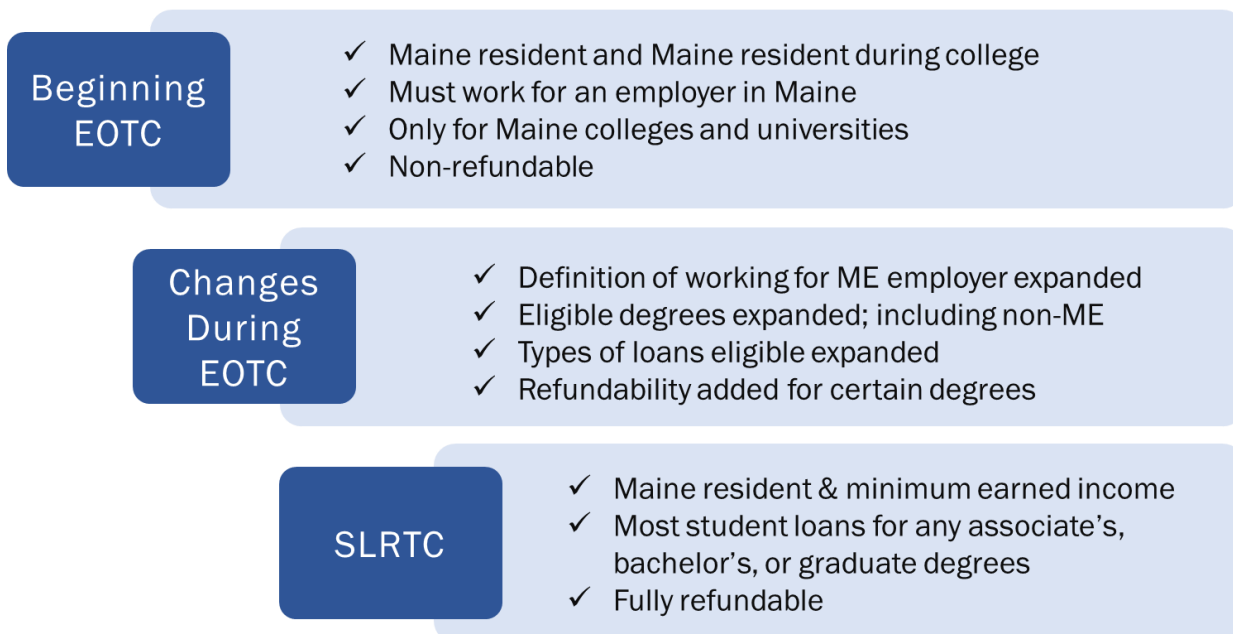
<sup>8</sup> LD 1574 “An Act to Amend the Credit for Educational Opportunity and Student Loan Repayment Tax Credit” was carried over from the 1<sup>st</sup> Session of the 132<sup>nd</sup> Legislature and would make substantive changes to the SLRTC:

<https://legislature.maine.gov/billtracker/#Paper/1574?legislature=132>

<sup>9</sup> MRS created a table to illustrate the changing eligibility requirements for the EOTC credit and provided the document during a Tax Committee work session on LD 1574 on 5.1.25. The full table is provided at the end of the report.

## Design Changes Have Generally Allowed Increased Access to the Credit

The frequent changes to the credit over time have trended in the direction of expanding access. Changes that impacted access include those around who was eligible for the credit—related to residency and employment and eligible types of loans and degrees, including from which higher educational institutions. The summary below highlights the changing access.



Even while the many changes during the EOTC years tended towards broadening access, the frequency and number of changes may have made keeping track of the current requirements difficult for claimants. Public testimony by the Department of Administrative and Financial Services (DAFS) during the processing of the supplemental budget bill that ultimately enacted the SLRTC pointed to the complexity of the EOTC as a core reason for the transition.<sup>10</sup> During the preparation of this special project, DAFS provided further comment sharing that:

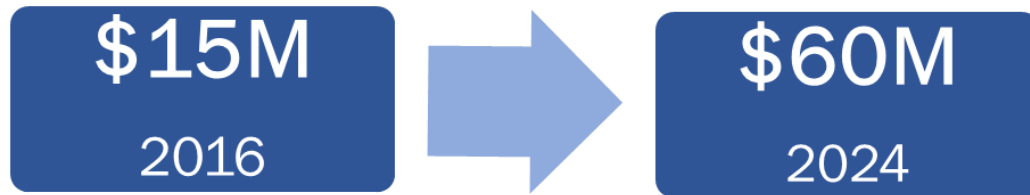
“From the perspective of DAFS, the SLRTC has succeeded in its goal of simplifying the credit thereby allowing taxpayers to more easily understand and utilize the credit and allowing it to be more successfully used as a recruiting tool. It is important that the Legislature preserve this simplicity and resist the drift towards complexity that plagued the EOTC. This potential for drift is apparent in the life of the EOTC, while each of the individual changes to the EOTC shown in [the Maine Revenue Services table in the back of this report] might be thought of as only a marginal change in the credit’s complexity, the combined effect of all of the changes was a credit too complex to achieve its goals.”

The current SLRTC represents the broadest and least complicated access to the credit to date with any Maine resident, with income over a certain threshold, who has student loan debt associated with a college degree (associate’s, bachelor’s, or graduate) earned after 2007 eligible to claim the credit. Credit uptake will continue to be impacted by factors outside of the credit design—such as who is attending college, taking on student loans, and repaying those loans.

<sup>10</sup> LD 1995 was enacted as PL 2021, Chapter 635 during the 130<sup>th</sup> Legislature. DAFS Commissioner Kirsten Figueroa, before the Taxation Committee on March 22, 2022, in support of LD 1995 stated: “While the current education opportunity income tax credit has received significant national press attention in recent years for its promise as an effective tool, the impact is less than it could or should be. The calculations for the current credit are very complex and depend on where and when you went to school, what you majored in and whether that qualifies as a STEM degree, whether loans have been consolidated, and periods of employment during the taxable year, among many other criteria....This simpler and broader tax credit is a better approach to assisting taxpayers in paying their student loans and in keeping and attracting workers to the state.”

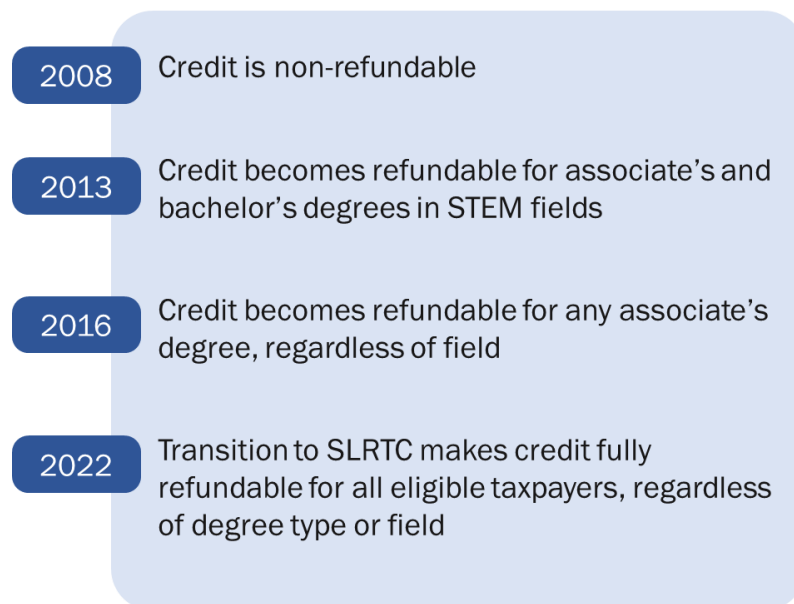
## As Credit Access Has Expanded, Claims and Revenue Loss from the Credit Have Also Increased

As more taxpayers became eligible to access the tax credit, it follows that credit claims, and consequently state revenue loss, would also increase (if newly eligible taxpayers choose to access the credit). Indeed, the state has seen a notable increase in claims, up from roughly \$15M claimed in tax year 2016 under the EOTC to roughly \$60M in tax year 2024 under the SLRTC.



Changes to the credit's refundability also potentially impact access and revenue loss. Refundable credits typically result in more revenue loss for the state because they are not limited by a taxpayer's income tax liability. If a taxpayer claiming a refundable credit does not have any tax liability against which to apply the credit, then the credit is distributed to them via a tax refund. In this way refundability can make a credit more accessible by removing tax liability as a barrier to receiving the benefit, but refundability also typically increases the revenue loss associated with a credit.

### Refundability Changes



Another shift likely to have impacted state revenue loss is the Legislature's introduction of a set annual and lifetime per taxpayer cap on the credit. Beginning with the SLRTC's enactment, a taxpayer can now claim up to \$2,500 per year and \$25,000 in total. Previously, under the EOTC taxpayer claims were limited by a benchmarked amount that the state determined based on in-state tuition and fees at the University of Maine System and the Maine Community College System. Fixed caps, like those now in the SLRTC, could bring increased predictability to the revenue loss associated with the SLRTC. However confounding factors such as student borrowing behavior and federal student loan policy may continue to make this credit's future revenue loss difficult to estimate.



## How Effectively the Credit's Design Has Supported Degree Attainment Is Unclear

The degree to which the credit's design is likely to impact degree attainment in Maine is unclear. This is partially due to challenges in teasing out the likelihood that a credit such as this is influencing taxpayer behavior rather than providing financial support for behavior that would happen regardless of the credit. An additional confounding element is the fact that degree attainment as a policy goal seems to have two common interpretations that may not be efficiently supported by the same public program.

The two common interpretations of degree attainment focus on different target populations and different measurements of program success. One is focused on encouraging Maine students who might not otherwise attend college to continue their educations beyond high school and earn a degree. The other focuses on increasing the overall education level of Maine's workforce, whether by encouraging existing Maine residents of any age to earn degrees or by attracting new residents to Maine who already have degrees.

Though both types of increased degree attainment may be desirable, effectively targeting each goal may require differing program design elements. The implications of the SLRTC and EOTC's design for each of these views of degree attainment are discussed below.

### Credit Design and Degree Attainment

#### Increase attendance

Increase the number of Maine people attending school and receiving college degrees

Credit may not be highly effective in impacting decisions to attend or complete college since financial benefits come years after the decision to attend

#### Increase degrees

Increase the number of people in Maine with college degrees by encouraging college graduates to remain or to move to Maine to work and live

Credit provides an incentive for those with degrees to stay or relocate to Maine; other factors may also be important for understanding location decisions

### Encouraging Maine High School Students to Attend College and Earn a Degree

A tax credit like this one requires high school students to know about the credit and be motivated to invest their time and money in attending college based on an expected reduction in their taxes two, four, or more years later. A credit with this design may not be highly effective in impacting decisions to attend college. Instead, a program intending to reduce the cost of college on the front end, like free community college or grants, might be more appealing to a population that is on the fence about college attendance in the first place.<sup>11</sup>

Additionally, this credit's broad access makes it a relatively inefficient tool for targeting such a specific niche population as Maine resident high school students who are on the fence about college but might be open to attending an in-state institution.

### Increasing the Overall Education Level of Maine's Workforce

The design of the SLTRC may be a more effective tool for increasing degree attainment as measured by the overall proportion of the Maine workforce that have degrees. A credit such as this may function as an incentive to attract college educated workforce from outside of Maine to live and work in the state. It could also incentivize Maine residents who are recently graduated to stay in the state. Individuals already graduated are more likely to be influenced by the availability of tax credits than those considering entering college simply because the financial benefit is available to them more immediately and for something in which they've already invested their time and money. However, many other factors may also be important for understanding these decisions and OPEGA is unable to speak to relative importance in this special project.

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<sup>11</sup> Relatedly, in a 2021 MDOE report, the Maine Community College System noted that their students were not primary beneficiaries of the EOTC credit because of low tuition and the availability of grants versus loans and instead noted that "the leading beneficiaries of this publicly subsidized tax credit are much more likely to be those students who take out higher loans to attend more expensive schools." [https://ldc.mainelegislature.org/Open/Rpts/kf6276\\_58\\_a16m34\\_2021.pdf](https://ldc.mainelegislature.org/Open/Rpts/kf6276_58_a16m34_2021.pdf)

# What Does Readily Available Information Show About the Credit's Promotion Over Time?

## There are Several Program Requirements Regarding Ongoing Credit Promotion

Currently, statute requires a variety of entities to promote the SLRTC. This includes public higher education institutions and a handful of state and quasi-state agencies—MDOE, MDOL, DECD, and FAME. These requirements were added over time with many existing in various forms during the existence of the EOTC. OPEGA contacted agencies for information on promotional activities and summarized agency responses below.

Promotion Requirements			Information Provided by Agency
<b>Promotion by State Agencies</b> 20-A MRS §12542(6)	MDOE	Must promote credit within existing educational opportunity outreach efforts	<ul style="list-style-type: none"> <li>No information provided on current MDOE outreach efforts</li> <li>DECD uses credit as a business recruitment tool</li> <li>FAME provided detailed information on efforts</li> </ul>
	DECD		
	FAME		
	MDOE	Must notify superintendents about the program annually and encourage them to publicize the program	<ul style="list-style-type: none"> <li>No information provided on current MDOE outreach efforts</li> </ul>
	MDOL	Must require publicly funded workforce development programs to promote and increase awareness of the program	<ul style="list-style-type: none"> <li>MDOL reported promoting credit in CareerCenters and one-on-one client coaching</li> </ul>
<b>Promotion by Higher Education Institutions</b> 20-A MRS §12542(7)	Public Higher Education Institutions	Shall make reasonable efforts to inform students of the program	<ul style="list-style-type: none"> <li>No current readily available information</li> <li>Previous required reports provided by MDOE on EOTC efforts</li> </ul>
<b>Publicity</b> 20-A MRS §12542(8)	FAME	Shall contract to market the program throughout the state, targeting high schools, postsecondary institutions and other relevant audiences	<ul style="list-style-type: none"> <li>FAME provided current RFPs and information on history of contracts</li> </ul>

### Promotion by the Finance Authority of Maine (FAME)

Statute directs FAME to promote the SLRTC through both existing educational outreach efforts and via a contract with a private, nonprofit entity to help market the tax credit.<sup>12</sup> FAME reported to OPEGA that the agency routinely promotes the credit as part of its work with students and schools throughout Maine:

“FAME itself promotes the program through our regular, ongoing college access and financial education outreach efforts. FAME’s College Access and Financial Education (CAFÉ) Team provides comprehensive college access and financial education services to students and schools throughout the state of Maine. FAME offers students, families, counselors, and advisors a variety of college access, financial aid, financial education, and education debt management services that support higher education aspirations and attainment in Maine. This is done by sharing information on saving, financial fitness, researching and identifying affordable schools, and by providing tools to compare financial aid awards and tips on smart borrowing, with a focus on the return on investment.”

<sup>12</sup> 20-A MRS §12542(6)&(8)

In fiscal year 2024, FAME reported the CAFÉ Team coordinated and participated in 232 financial aid information sessions and workshops for 6,800 Maine students and families; 77 training workshops for 4,800 counselors and advisors; 41 workshops attended by 537 individuals to help students complete the FAFSA; and 129 financial wellness focused events for 6,500 students.

FAME reports that it has also contracted for promotion of the credit as required by statute. The current contract is with Live + Work in Maine (LWM), and the appropriation for this contract has increased to \$75,000 annually from an original \$22,000 annual appropriation.<sup>13</sup> FAME told OPEGA that “LWM has been doing a good job at increasing awareness of this credit, both in Maine and across the nation.” FAME is also in the planning stages of a one-time \$500,000 contract with LWM, funded by American Rescue Plan Act (ARPA), to market the credit to remote workers in the U.S. who might relocate to Maine.<sup>14</sup>

#### Promotion by MDOE, DECD, and MDOL

DECD told OPEGA that in their existing business outreach efforts they use the credit as a tool to recruit businesses. DECD also pointed OPEGA to FAME’s promotion appropriation and the marketing done through LWM in Maine’s contract. MDOL stated that the agency promotes the incentive within their CareerCenters and in one-on-one coaching with customers, but within some of their other programs the agency has not implemented a standard approach and is “looking into and revising our materials to meet our responsibilities under 20-A MRS §12542, section 6(B).” MDOE provided OPEGA with its 2021 and 2011 reports on higher education promotion of the EOTC but could not provide information on current promotional activities.

#### Promotion by Public Higher Education Institutions

There is the directive in statute that higher educational institutions shall make reasonable efforts to inform students about the credit. However, there is no requirement for the institutions to report on their efforts or outcomes. OPEGA did not identify any readily available information on current promotion of the SLRTC by higher education institutions.

For the EOTC there is some information available about promotion by higher education institutions because there were a few years when the Legislature required MDOE to gather information and report on these promotional efforts.<sup>15</sup> In its most recent report on this topic, released in 2021, MDOE reported that 25 out of 27 Maine institutions contacted “responded with varying degrees of details, that they promoted the program to students and trained their staff.”<sup>16</sup> MDOE was also required to make recommendations in the report and recommended that higher education institutions:

1. Continue program promotion to out of state students and alumni as a benefit of moving to or returning to Maine permanently.<sup>17</sup>
2. Examine opportunities to aid students who borrow less for higher education.
3. Take a comprehensive and multi-faceted approach to promoting the program.
4. Pursue partnership with FAME, Live and Work in Maine, or another agency to aid them in informing students and graduates of the program opportunities.

A 2022 MRS report (required by PL 2011, c. 665) and prepared under contract by independent researcher Hannah Acheson-Field attempted to assess the credit broadly including its promotion. The report noted the various ways

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<sup>13</sup> FAME provided OPEGA with the RFP which can be provided upon request.

<sup>14</sup> See here for the RFP: [https://www.famemaine.com/fame\\_news/requests-for-proposals-marketing-of-student-loan-repayment-tax-credit-to-increase-the-number-of-remote-workers-moving-to-maine/](https://www.famemaine.com/fame_news/requests-for-proposals-marketing-of-student-loan-repayment-tax-credit-to-increase-the-number-of-remote-workers-moving-to-maine/)

<sup>15</sup> The 2011 MDOE report, as required by PL 2009, c. 553, contains information on the actions individual colleges and universities took to promote the credit, such as creating promotional materials, placing information on websites, providing information during Maine student visits, entrance interviews and award letters, and providing information in exit interviews. MDOE did not appear to have metrics for assessing whether the promotion was sufficient.  
[https://lldc.mainelegislature.org/Open/Rpts/lb2342\\_15\\_m2l22\\_2011.pdf](https://lldc.mainelegislature.org/Open/Rpts/lb2342_15_m2l22_2011.pdf)

<sup>16</sup> Report available: [https://lldc.mainelegislature.org/Open/Rpts/kf6276\\_58\\_a16m34\\_2021.pdf](https://lldc.mainelegislature.org/Open/Rpts/kf6276_58_a16m34_2021.pdf)

<sup>17</sup> While noting that Maine has the lowest degree attainment rate in New England, MDOE states “programs like these may provide incentives for individuals to relocate or remain in Maine with a postsecondary credential of value.”

that recipients may learn about the credit including marketing from LWM, media pieces, tax accountants, and financial aid officers at their higher education institutions. The author noted that while most financial aid officers she spoke to did promote the EOTC in meetings with students, some financial aid officers did not. The report includes a handful of recommendations including that marketing activities should be increased to expand program awareness and uptake.<sup>18</sup>

## How Does Maine's Credit Compare to Other States' Similar Credits or Incentive Programs Including Their Goals and Design?

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### There is a Large and Active Landscape of State Loan Forgiveness and Repayment Programs

According to the National Conference of State Legislatures (NCSL), more than 20 states have enacted legislation addressing student loan forgiveness programs.<sup>19</sup> OPEGA's analysis of NCSL's database of student loan forgiveness related bills showed roughly 100 enacted bills related to loan forgiveness and taxes dating from 2020.<sup>20</sup> Regarding these programs, NCSL notes:

States continue to develop, modify, and expand loan forgiveness or repayment programs to help borrowers reduce their debt, while offering incentives for talented, in-demand students and recent graduates to live, work, and stay in their states. These programs provide borrowers with debt relief or payment support in exchange for work or service in specific professions or fields (commonly health care and education) for a period of time.

The goals of programs identified by NCSL's 2025 report, and the design of programs OPEGA found via additional research, were frequently focused on recruitment and retention of particular professions, sometimes in particular geographic areas, in exchange for a term of service. These incentives were also typically distributed outside of the income tax system, for example via grants or stipends. OPEGA found three other states—Connecticut, Maryland, and Minnesota—that offer tax credits related to student loan repayment.<sup>21</sup> Those three credits are discussed in the next section.

State programs related to student loan forgiveness exist alongside federal programs that target many of the same goals. The federal government offers income-driven repayment (IDR) plans which can offer forgiveness after 20 years of payments, depending on income, as well as forgiveness programs such as Public Service Loan Forgiveness (PSLF) and Teacher Loan Forgiveness (TLF).<sup>22</sup> There is also a federal tax credit, the American Opportunity Tax Credit (AOTC), for higher education related expenses.<sup>23</sup> While the AOTC will not relieve existing student loan debt it reduces the cost of college and related expenses and thus may help students to incur less debt in the first place.

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<sup>18</sup> Acheson-Field, Hannah. 2022. Report on Behalf of Maine Revenue Services. "Implementation of the Maine Educational Opportunity Tax Credit." (see page 10 for discussion of promotion and page 18 for the related recommendation).

[https://lldc.mainelegislature.org/Open/Rpts/lb2826\\_m2h44\\_2022.pdf](https://lldc.mainelegislature.org/Open/Rpts/lb2826_m2h44_2022.pdf)

<sup>19</sup> "Student Loans: Recent State Policy Actions." May 2025. NCSL. <https://www.ncsl.org/education/student-loans-recent-state-policy-actions>.

<sup>20</sup> NCSL Student Loan Database: <https://www.ncsl.org/education/student-loan-database>. OPEGA did not attempt to compile a comprehensive list of all state programs in this space due to the large number (some states offer multiple different types of programs) and the frequent modification of the programs.

<sup>21</sup> OPEGA noted in review of NCSL's database that Maine's SLRTC does not show up in a search and hypothesizes this is because the credit was enacted in a budget bill and may not have been identified by NCSL. OPEGA notes that while the NCSL database is a source of information, it may not be complete.

<sup>22</sup> <https://studentaid.gov/articles/student-loan-forgiveness>

<sup>23</sup> <https://www.irs.gov/credits-deductions/individuals/education-credits-aotc-and-llc>

## Few States Appear to Offer Student Loan Repayment Tax Credits

OPEGA identified three credits similar to Maine's credit. They appear, through their design, to target debt relief and workforce recruitment and retention. Connecticut's credit is provided to employers who make student loan payments on behalf of their full-time employees. Additionally, Connecticut limits the payments that count for the employer credit to those on loans for employees who are five years or less out of their degree program, seemingly targeting the business recruitment of recent graduates.<sup>24</sup> Maryland's credit is provided to individual taxpayers and requires an application process and then proof that the credit has been applied to the payment of educational loans.<sup>25</sup> Minnesota's nonrefundable credit is provided to MN residents who make payments on student loans. The credit amount is dependent on income, loan payments, and the original loan amount but is capped at \$500 per year per individual and \$1,000 per year per household.<sup>26</sup>

Related Tax Credits in Other States	
<b>Connecticut Student Loan Payment Tax Credit</b>	<ul style="list-style-type: none"><li>• Available starting in 2022. Tax credits are for employers that make student loan payments on behalf of eligible employees.</li><li>• Qualified employees are those that are CT residents, employed full-time by the employer in the state, and who have earned their bachelor's degree within the past five years.</li><li>• The credit amount is 50% of qualifying payments and is capped at \$2,625 per employee per year.</li><li>• \$10 million in annual credits are available.</li></ul>
<b>Maryland Student Loan Debt Relief Tax Credit</b>	<ul style="list-style-type: none"><li>• Enacted in 2016. Tax credit for MD taxpayers who have incurred at least \$20,000 in student loan debt and have at least \$5,000 outstanding.</li><li>• After receipt of tax credit, taxpayers must provide proof that they paid the amount toward their student loan debt, or the credit will be recaptured.</li><li>• \$18 million in annual credits were available as of 2025.</li></ul>
<b>Minnesota Student Loan Tax Credit</b>	<ul style="list-style-type: none"><li>• Enacted in 2017. Tax credit for MN residents who make payments on student loans.</li><li>• Credit amount based on income, loan payments and original loan amount.</li><li>• Credits are nonrefundable (not available to those without tax liability) and there is a maximum credit amount of \$500/year (individual), \$1,000/year (household).</li></ul>

## Many Student Loan Relief Programs in Other States Appear to Target Recruitment of Workers in Particular Professions; Maine Has These Programs Too

Most of the other state programs that OPEGA identified do not operate through the tax code as credits. Often the programs target specified professions, requiring a particular term of service in a particular area identified as underserved in the state. The professions most commonly targeted are in health care, education, and veterinary medicine.

<sup>24</sup> <https://portal.ct.gov/drs/publications/corporation-credit-guide/student-loan-payment-credit-10mar2025>

<sup>25</sup> For additional information see <https://mhec.maryland.gov/preparing/Pages/StudentLoanDebtReliefTaxCredit.aspx> and a fiscal audit related to Maryland's credit: <https://dls.maryland.gov/pubs/prod/NoPbITabPDF/MHEC25.pdf>

<sup>26</sup> <https://www.revenue.state.mn.us/student-loan-credit> and <https://www.house.mn.gov/hrd/pubs/ss/ssstloancrd.pdf>



Maine has a number of these types of repayment programs shown in the table below and focused on health care and education careers.<sup>27</sup> Many of Maine’s repayment programs also contain front end loans that can later be forgiven for an eligible term of service.<sup>28</sup>

Examples of Targeted Maine Student Loan Repayment Programs	
<b>Maine Dental Education Loan Repayment Program</b> 20-A MRS §12302	Maine offers loan and loan repayment agreements for students enrolled in an eligible dental program of study. The maximum loan or loan repayment amount available to each participant is \$25,000 per year for up to 4 years.
<b>Maine Health Care Provider Loan Repayment Pilot Program</b> 20-A MRS Chapter 441	Maine offered a loan repayment pilot program for eligible health care providers who commit to living and working full time in Maine for at least three years. There was a one-time application and selection period in spring 2025. Maximum repayment is up to \$25,000 per year or, in aggregate, the lesser of \$75,000 or 50% of outstanding qualifying student loan balance over three years.
<b>Nursing Education Loan Repayment Program</b> 10 MRS §1019	Maine provides nursing faculty with loan repayment of up to \$40,000, over three years, depending on degree and full or part-time status.
<b>Educators for Maine Program</b> 20-A MRS §12502	Maine provides competitive, merit-based, forgivable loans for Maine students enrolling in undergraduate or graduate education degrees. Loans are up to \$5,000 per academic year and may be forgiven post-graduation for qualifying individuals working in Maine.

See also <https://www.famemaine.com/affording-education/pay-for-school/repaying-student-loans/> and <https://www.famemaine.com/affording-education/pay-for-school/borrowing-student-loans/student-loan-programs/educators-for-maine-program/>

## Final Thoughts

A special project assigned to OPEGA differs from a full evaluation of a tax expenditure detailed in 3 MRS §999. For a special project, OPEGA compiles readily accessible information to provide the Committee with responsive material in areas of interest. A special project provides the benefit of responsiveness but cannot replicate the depth and detail of a full evaluation and does not result in findings or conclusions. The Committee can always request OPEGA do further work if there remain questions of interest.

<sup>27</sup> Maine also has tax credits targeting specific professions—the dental care access credit (36 MRS §5219-DD) and the access to justice credit (36 MRS §5219-ZZ) are not directly related to student loans, while the primary care access credit (36 MRS §5219-LL) is.

<sup>28</sup> Maine also offers loan and scholarship programs, without repayment elements, aimed at specific career fields such as veterinary medicine (20-A MRS §12122), physicians (20-A MRS §12103-A and §12002-A), and STEM fields (20-A MRS §12922).

# References & Additional Resources

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The reports used in this special project, as well as references that may be of interest are included below.

## Data and References

In addition to legislative history research and review of publicly available reports and information, OPEGA sought and received readily available data from Maine Revenue Services on credit usage and revenue loss. We also contacted DECD, FAME, MDOE, and MDOL regarding credit promotion.

### Maine Reports and Documents

Acheson-Field, Hannah. 2022. “Implementation of the Maine Educational Opportunity Tax Credit.” Report on Behalf of Maine Revenue Services pursuant to PL 2011, c. 665.  
[https://lldc.mainelegislature.org/Open/Rpts/lb2826\\_m2h44\\_2022.pdf](https://lldc.mainelegislature.org/Open/Rpts/lb2826_m2h44_2022.pdf)

Finance Authority of Maine (FAME). 2023. “Request for Proposals: Marketing of Job Creation Through Educational Opportunity Program for Calendar Year 2024.” [Available upon Request].

Finance Authority of Maine (FAME). February 2025. “Request for Proposals: Marketing of Student Loan Repayment Tax Credit to Increase the Number of Remote Workers Moving to Maine.” [Requests for Proposals: Marketing of Student Loan Repayment Tax Credit to Increase the Number of Remote Workers Moving to Maine - FAME Maine](#)

Income/Estate Tax Division, Maine Revenue Services. 2022. “Educational Opportunity Tax Credit Eligibility Guidelines by Tax Year, Credit for Individuals” [Table]. [Available at the end of the document].

Live + Work in Maine. 2024. “Student Loan Repayment Program 2024 Activities Report for Finance Authority of Maine (FAME).” <https://legislature.maine.gov/doc/11946>

Maine Department of Education. 2011. “Report on Efforts to Promote the Opportunity Maine Program.” Report pursuant to PL 2009, c. 553. [https://lldc.mainelegislature.org/Open/Rpts/lb2342\\_15\\_m2l22\\_2011.pdf](https://lldc.mainelegislature.org/Open/Rpts/lb2342_15_m2l22_2011.pdf)

Maine Department of Education. 2021. “Job Creation Through Educational Opportunity Program Report.” Report pursuant to PL 2011, c. 665. [https://lldc.mainelegislature.org/Open/Rpts/kf6276\\_58\\_a16m34\\_2021.pdf](https://lldc.mainelegislature.org/Open/Rpts/kf6276_58_a16m34_2021.pdf)

Maine Revenue Services. 2025. “Maine State Tax Expenditure Report 2026-2027.”  
<https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/Tax%20Expenditure%20Report%2026-27%20.pdf>

Maine Revenue Services. “2024 Student Loan Repayment Tax Credit Worksheet.”  
[https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/24\\_slrtc\\_ff\\_0.pdf](https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/24_slrtc_ff_0.pdf)

### Other Sources of Potential Interest

Internal Revenue Services. Updated 4.2025. “Education Credits- AOTC and LLC.” <https://www.irs.gov/credits-deductions/individuals/education-credits-aotc-and-llc>

National Conference of State Legislatures (NCSL). May 2025. “Student Loans: Recent State Policy Actions.”  
<https://www.ncsl.org/education/student-loans-recent-state-policy-actions>



National Conference of State Legislatures (NCSL) Student Loan Bill-Tracking Database:  
<https://www.ncsl.org/education/student-loan-database>

Maryland Office of Legislative Audits. March 2025. “Maryland Higher Education Commission Audit Report.”  
<https://dls.maryland.gov/pubs/prod/NoPblTabPDF/MHEC25.pdf>

Minnesota House of Representatives, Research Department. Updated 2018. “Policy Brief: Minnesota’s Student Loan Forgiveness and Repayment Assistance Programs.”  
<https://www.house.mn.gov/hrd/pubs/stloanfrg.pdf>

## Maine Revenue Services: Educational Opportunity Tax Credit Eligibility Guidelines by Tax Year; Credit for Individuals

**Note:** The credit may only be calculated for the number of months during the tax year for which the required loan payment was paid.

**Note:** The credit is repealed for tax years beginning on or after January 1, 2022.

	Tax Year:										
	2008	2009	2010	2011 - 2012	2013	2014	2015	2016	2017 - 2019	2020	2021
<b>Requirements:</b>											
<b>RESIDENCY</b>											
Maine resident during tax year	X	X	X	X	X	X	X	X	X	X	X
Maine resident while attending Maine college	X	X	X	X	X	X	X				
<b>EMPLOYMENT</b>											
Work for employer located in Maine	X	X	X	X	X	X					
Work for employer located in Maine unless deployed for military service					X	X					
Must work in Maine (except, may work outside Maine for up to 3 months OR deployed for military service)							X	X	X	COVID Exclusion	X
Must work in Maine (except, may work outside Maine for up to 3 months OR work at least part-time on a vessel at sea)								X	X	COVID Exclusion	X
Self-employed eligible in Maine							X	X	X	X	X
<b>DEGREES EARNED</b>											
Earned associate's degree or bachelor's degree from an accredited Maine community college, college or university <b>after 2007</b>	X	X	X	X	X	X	X	X	X	X	X
<b>OR</b>											
Earned non-Maine associate's degree or bachelor's degree <b>after 2015</b>								X	X	X	X
<b>OR</b>											
Earned Maine graduate degree <b>after 2015</b>								X	X	X	X
100% of coursework toward degree <b>after 2007</b> performed at Maine community college, college or university	X	X	X	X							
Allow up to 30 credit hours <b>earned after 2007</b> at non-Maine college if transfer to Maine college occurred <b>after 2012</b>					X	X	X				
Allow all Maine and non-Maine coursework completed <b>after 2007</b>								X	X	X	X
Student Opportunity Contract Required	X	X									

	2008	2009	2010	2011 - 2012	2013	2014	2015	2016	2017 - 2019	2020	2021
<b>STUDENT LOANS</b>											
Loans for coursework (for degree program) performed <b>after 2007</b>	X	X	X	X	X	X	X	X	X	X	X
Loan term minimum of 8 years	X	X	X	X							
Allow refinanced or consolidated loans only when refinanced or consolidated with other eligible loans	X	X	X	X	X	X					
Allow refinanced or consolidated loans when eligible loans refinanced or consolidated with other education loans in proportion to the portion of loan payments that are eligible							X	X	X	X	X
Allow credit for payments made while loan is in forbearance or deferral status (Rule 812)										X	X
<b>REFUNDABILITY</b>											
Credit nonrefundable	X	X	X	X							
STEM degrees refundable (associate, bachelor's)					X	X	X	X	X	X	X
ALL associate degrees refundable								X	X	X	X

Timing and Proration Issues:

1) Tax Year

- a) Loan payments paid
- b) Consolidated loans
- c) Multiple degrees earned

2) When the degree is earned

- a) Transfer and pre-2008 credits
- b) Year of transfer

Prepared by: Maine Revenue Services, Income / Estate Tax Division

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