**LD 798**

**LR 334 ( ) PROPOSED COMMITTEE AMNEDMENT**

**jsj SEN. POULIOT**

**1/25/22**

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Amend the bill by striking the date year “2022” and substituting the year “2023” in the following locations:

page 1, line 6

page1, line 12

page 1, line 18

page 2, line 6

Amend the bill by striking the date year “2024” and substituting the year “2025” in the following locations:

page 1, line 22

Amend the bill by striking page 2 line 9 to page 3, line 24 and substituting the following:

Amend the bill by striking **Sec. 9 and Sec. 10** and substituting the following:

 “**Sec. 9. 36 MRSA §5217** is enacted to read:

**§5217-E. Credit for student loan repayment**

**§****5217-E.** **Credit for student loan repayment**

For tax years beginning on or after January 1, 2023, a qualified individual is allowed a credit for education loan payments as computed under this section against the taxes imposed under this Part.

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

A. "Accredited Maine community college, college or university" has the same meaning as in Title 20-A, section 12541, subsection 1.

B. "Accredited non-Maine community college, college or university" means an institution located outside the State that is accredited by a regional accrediting association or by one of the specialized accrediting agencies recognized by the United States Secretary of Education.

C. "Education loan payment" means a loan payment paid during the taxable year for eligible education loans.

D. "Eligible education loan" means a loan obtained by a qualified individual for attendance by that qualified individual at an accredited Maine community college, college or university or accredited non-Maine community college, college or university to obtain an associate, bachelor's or graduate degree. "Eligible education loan" includes a refinanced loan or consolidated loan if the refinanced loan or consolidated loan remains separate from other debt, except for debt incurred in an educational program, but only in proportion to the portion of the education loan payment that is otherwise eligible under this section. "Eligible education loan" does not include a loan obtained from a person related to the qualified individual or from any person by reason of a loan under any qualified employer plan or under a contract referred to in the Code, Section 72(p)(5). For purposes of this paragraph, a person is considered related to the qualified individual if that person meets the criteria listed in the Code, Section 267(b) or Section 707(b)(1). As used in this paragraph, "qualified employer plan" has the same meaning as in the Code, Section 72(p)(4)(A).

E. "Part time," as that term refers to employment, means employment that on average during the taxable year consists of a workweek of at least 16 hours but less than 32 hours.

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

(1) Attended and obtained an associate, bachelor's or graduate degree after 2007 from an accredited Maine community college, college or university or an accredited non-Maine community college, college or university;

(2) Was a resident individual for the entire taxable year; and

(3) Meets one of the following conditions:

(a) The individual worked during the taxable year:

(i) At least part time in this State for an employer or as a self-employed individual; or

(ii) At least part time in a position on a vessel at sea;

(b) The individual was deployed for military service in the United States Armed Forces, including the National Guard and the Reserves of the United States Armed Forces. As used in this division, "deployed for military service" has the same meaning as in Title 26, section 814, subsection 1, paragraph A; or

(c) The individual was a spouse of an individual who meets the requirements of either division (a) or division (b).

G. "Resident individual" means an individual:

(1) Who is domiciled in this State; or

(2) Who is not domiciled in this State, but maintains a permanent place of abode in this State and spends in the aggregate more than 183 days of the taxable year in this State, unless the individual is a member of the Armed Forces of the United States.

H. "Seasonal employment" has the same meaning as in Title 26, section 1251 and in rules adopted pursuant to that section.

**2.** **Credit allowed.** A qualified individual is allowed a refundable credit against the tax imposed by this Part in accordance with the provisions of this section. The credit is created to implement the Job Creation Through Educational Opportunity Program established under Title 20-A, chapter 428-C.

A. A taxpayer may claim a credit based on education loan payments actually made to a relevant lender or lenders under this section only with respect to education loan payment amounts paid by the taxpayer during that part of the taxable year that the qualified individual worked in this State. Forbearance or deferment of education loan payments does not affect eligibility for the credit under this section. An individual who worked in this State for any part of a month of the taxable year is considered to have worked in this State for the entire month.

**3.** **Calculation of the credit; qualified individuals.** Subject to subsection 2, the credit with respect to a qualified individual is equal to the amount paid on eligible education loans during the taxable year up to $2,500. A taxpayer entitle to a credit for any taxable year may carry over and apply to tax liability for any one or more of the next succeeding five years the portion, as reduced from year to year of any unused credits.

**Sec.** **10. Application.** Those sections of this Act that amend the Maine Revised Statutes, Title 36, section 5122, subsection 2, paragraph FF and that enact Title 36, section 5122, subsection 2, paragraph UU apply to tax years beginning on or after January 1, 2023.

Summary

 This amendment changes dates in the bill to reflect accommodate later a enactment date due to carryover of the bill to the Second Regular Session. The amendment replaces the new credit by simplifying its provisions. The new credit provides a refundable credit of up to $2,500 to qualified individuals. The credit applies to qualified individuals who received an associate, bachelor or graduate degree after 2007 as long as the graduate is employed in Maine and is a Maine resident.