



129th MAINE LEGISLATURE

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Legislative Document

No. 1530

H.P. 1113

House of Representatives, April 9, 2019

**An Act To Expand Incentives To Live and Work in Maine through
a Tax Credit for Certain Student Loans**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative BABBIDGE of Kennebunk.
Cosponsored by Senator CLAXTON of Androscoggin and
Representatives: CROCKETT of Portland, HANDY of Lewiston, MATLACK of St. George,
McLEAN of Gorham, PEBWORTH of Blue Hill, TERRY of Gorham, TUCKER of
Brunswick, ZEIGLER of Montville.

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

2 **Sec. 1. 36 MRSA §5217-E** is enacted to read:

3 **§5217-E. Student loan credit**

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

6 A. "Eligible individual" means a resident individual who has received an associate
7 degree, a bachelor's degree or a graduate degree from an eligible institution of higher
8 education and, for the first tax year for which the credit is claimed, was employed at a
9 location in the State for at least 4 months during the first tax year.

10 B. "Eligible institution of higher education" means an accredited Maine community
11 college, college or university as defined in section 5217-D, subsection 1, paragraph
12 A-2 or an accredited non-Maine community college, college or university as defined
13 in section 5217-D, subsection 1, paragraph A-1 that participates in the federal Pell
14 Grant Program under Title IV of the federal Higher Education Act of 1965.

15 C. "Qualified education loan" has the same meaning as under Section 221 of the
16 Code, but is limited to indebtedness incurred on behalf of the eligible individual.

17 **2. Credit allowed.** An eligible individual is allowed a credit for loan payments
18 made by the individual during the tax year on qualified education loans that were
19 obtained for attendance at an eligible institution of higher education. The credit is equal
20 to the lesser of 50% of the amount paid by the eligible individual to repay the principal
21 and interest on qualified education loans during the tax year and:

22 A. For the first year that the eligible individual was employed at a location in the
23 State for at least 4 months, 50% of the eligible individual's tax liability under this
24 Part, after the application of all other credits, multiplied by the percentage of full
25 months that the individual was employed at a location in the State during the tax year;

26 B. For the year following the first year that the credit is claimed, if the individual
27 was employed at a location in the State for 12 months, 40% of the eligible
28 individual's tax liability under this Part, after the application of all other credits;

29 C. For the 2nd year following the first year that the credit is claimed, if the individual
30 was employed at a location in the State for 12 months, 30% of the eligible
31 individual's tax liability under this Part, after the application of all other credits;

32 D. For the 3rd year following the first year that the credit is claimed, if the individual
33 was employed at a location in the State for 12 months, 20% of the eligible
34 individual's tax liability under this Part, after the application of all other credits; or

35 E. For the 4th year following the first year that the credit is claimed, if the individual
36 was employed at a location in the State for 12 months, 10% of the eligible
37 individual's tax liability under this Part, after the application of all other credits.

38 **3. Limitations.** The credit is subject to the following limitations:

39 A. The credit may not exceed \$1,000 per eligible individual;

