1	L.D. 835
2	Date: (Filing No. H-)
3	TAXATION
4	Reproduced and distributed under the direction of the Clerk of the House.
5	STATE OF MAINE
6	HOUSE OF REPRESENTATIVES
7	125TH LEGISLATURE
8	SECOND REGULAR SESSION
9 10 11	COMMITTEE AMENDMENT "" to H.P. 632, L.D. 835, Bill, "An Act To Strengthen Maine's Economy through Improvements to the Educational Opportunity Tax Credit"
12 13	Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:
14	'Sec. 1. 20-A MRSA §12541, sub-§1-A is enacted to read:
15 16 17 18 19	<u>1-A. Accredited non-Maine community college, college or university.</u> "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.
20 21	Sec. 2. 20-A MRSA §12542, sub-§3, ¶B, as amended by PL 2009, c. 553, Pt. A, §10, is further amended to read:
22 23 24 25 26 27 28 29 30 31 32 33 34 35 36	B. An individual must attend and obtain an associate degree or a bachelor's degree from an accredited Maine community college, college or university. The individual need not obtain the degree from the institution in which that individual originally enrolled, as long as all course work toward the degree is performed at accredited Maine community colleges, colleges or universities. Beginning January 1, 2013, an individual who transfers to an accredited Maine community college, college or university after completing the equivalent of up to 30 credit hours of course work toward a degree at an accredited non-Maine community college, college or university is eligible for a portion of the benefits that would have been available under the program had the individual performed all course work at an accredited Maine community college, college or university. Such an individual is eligible for 1/2 of the educational opportunity tax credit in the case of obtaining an associate degree and 3/4 of the educational opportunity tax credit in the case of obtaining a bachelor's degree. Program eligibility for such an individual must be determined as if the commencement of course work at the relevant accredited Maine community college,

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college or university was the commencement of course work for the degree program
 as a whole;

3 Sec. 3. 20-A MRSA §12542, sub-§3, ¶C, as amended by PL 2009, c. 553, Pt. A,
 §10, is further amended to read:

5 C. An individual must live in this State while pursuing the degree, excepting periods 6 when it is reasonably necessary for the individual to live elsewhere as part of the 7 relevant institution's academic programs or while pursuing course work at an 8 accredited non-Maine community college, college or university as provided in 9 paragraph B. The individual must also agree to live in this State after obtaining the 10 degree during any period when that individual seeks to take advantage of the 11 educational opportunity tax credit; and

- Sec. 4. 20-A MRSA §12542, sub-§3-A, ¶A, as enacted by PL 2009, c. 553, Pt.
 A, §11, is amended to read:
- A. The individual may claim the educational opportunity tax credit only with respect
 to loans that are part of that individual's financial aid package and that have a term of
 at least 8 years are entered into before July 1, 2023.
- 17 Sec. 5. 20-A MRSA §12545 is enacted to read:

18 **§12545. Report**

19 By February 1, 2021, each accredited Maine community college, college and university, as defined in section 12541, subsection 1, shall report to the department on 20 efforts to promote and enroll individuals in the program and to train admissions and 21 financial aid staff about the program. By March 1, 2021, the department shall report 22 23 findings and recommendations regarding the program to the joint standing committee of 24 the Legislature having jurisdiction over education and cultural affairs and the joint 25 standing committee of the Legislature having jurisdiction over taxation matters. By March 1, 2021, the Department of Administrative and Financial Services, Bureau of 26 27 Revenue Services shall report on implementation of the educational opportunity tax credit, including statistics on credits claimed, to the joint standing committee of the 28 29 Legislature having jurisdiction over education and cultural affairs and the joint standing 30 committee of the Legislature having jurisdiction over taxation matters.

31 Sec. 6. 36 MRSA §199-C, sub-§3 is enacted to read:

32 3. Specific tax expenditure review. By June 1, 2021, the committee shall review
 33 the income tax credit under section 5217-D to determine whether the credit should be
 34 retained, repealed or modified. The committee shall consider information provided by the
 35 bureau and the Department of Education pursuant to Title 20-A, section 12545.

36 Sec. 7. 36 MRSA §5217-D, sub-§1, ¶A-1 is enacted to read:

A-1. "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.

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7 8 Sec. 8. 36 MRSA §5217-D, sub-§1, ¶E, as enacted by PL 2007, c. 469, Pt. B, §1, is amended to read:

E. "Qualified employee" means an employee who is eligible for the credit provided in this section and who is employed at least part time and who is eligible for the credit provided in this section or who would be eligible for the credit in this section by meeting all the criteria established under Title 20-A, section 12542 except that the employee's associate or bachelor's degree was awarded by an accredited non-Maine community college, college or university.

9 Sec. 9. 36 MRSA §5217-D, sub-§5, as amended by PL 2009, c. 434, §78, is
10 further amended to read:

11 5. Conditions for an employer claiming the credit. A taxpayer constituting an employer may claim the credit under this section under the following circumstances. The 12 13 employer may undertake to make partial or full loan payments directly to the relevant lender or lenders on behalf of a qualified employee, having taken reasonable steps to 14 ascertain that the employee is in fact a qualified employee, and may claim a credit based 15 on amounts that came due and were paid by the employer during the term of employment. 16 17 To receive the credit, the employer must retain for 5 years any proof of eligibility that the 18 employee or independent contractor provides.

19 The employer may claim a credit for the amount that the qualified employee could have claimed during any months when the qualified employee was employed, had the qualified 20 employee made the partial or full loan payments instead, under conditions where the 21 qualified employee had sufficient income to claim the full credit for the taxable year. If 22 the qualified employee is employed only on a part-time basis, the employer may claim a 23 credit only up to half of the total that the qualified employee could have claimed had the 24 qualified employee made all payments and earned sufficient income to claim the full 25 credit for the taxable year, but the amount the employer claims must still be based on 26 27 amounts actually paid. An employer is not disqualified under this section if the qualified employee is not eligible to claim the credit solely because the employee's associate 28 degree or bachelor's degree was awarded by an accredited non-Maine community college, 29 college or university. 30

31 Sec. 10. Application. The portions of this Act that amend the Maine Revised 32 Statutes, Title 36, section 5217-D apply to tax years beginning on or after January 1, 33 2013.'

SUMMARY 34 35 This amendment, which is the minority report, replaces the bill and makes the following changes to the educational opportunity tax credit. 36 37 1. Beginning January 1, 2013, it allows an individual who transfers to an accredited Maine community college, college or university after completing up to 30 credit hours of 38 course work at a non-Maine accredited community college, college or university to be 39 eligible for a portion of the tax credit created to implement the Job Creation Through 40 41 Educational Opportunity Program.

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1 2. It provides that an individual may claim the educational opportunity tax credit 2 only with respect to loans that are part of that individual's financial aid package and that 3 are entered into before July 1, 2023.

3. It allows an employer to claim the credit if a qualified employee meets all eligibility criteria for a Job Creation Through Educational Opportunity Program participant except that the qualified employee's associate degree or bachelor's degree was awarded by an accredited non-Maine community college, college or university.

8 4. It requires all Maine community colleges, colleges and universities to report to the 9 Department of Education by February 1, 2021 on efforts to promote and enroll 10 individuals in the Job Creation Through Educational Opportunity Program and to train 11 admissions and financial aid staff about the program.

5. It requires the Department of Education and the Department of Administrative and Financial Services, Bureau of Revenue Services to report by March 1, 2021 to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs and the joint standing committee of the Legislature having jurisdiction over taxation matters.

6. It requires the joint standing committee of the Legislature having jurisdiction over taxation matters to review the educational opportunity tax credit by June 1, 2021. The committee is required to consider information provided by the Department of Administrative and Financial Services, Bureau of Revenue Services and the Department of Education to determine whether the credit should be retained, modified or repealed.

FISCAL NOTE REQUIRED

(See attached)

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