



125th MAINE LEGISLATURE

LD 835

LR 1210(07)

An Act To Strengthen Maine's Economy through Improvements to the Educational Opportunity Tax Credit

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
Net Cost (Savings)				
General Fund	\$0	\$146,300	\$715,350	\$1,037,400
Revenue				
General Fund	\$0	(\$146,300)	(\$715,350)	(\$1,037,400)
Other Special Revenue Funds	\$0	(\$7,700)	(\$37,650)	(\$54,600)

Fiscal Detail and Notes

The bill modifies the educational opportunity tax credit by extending it to encompass (at a reduced level of benefit) certain individuals who transfer to an accredited Maine community college, college or university from an accredited out-of-state institution, removes restrictions on the term of eligible loans and makes the credit refundable for tax years beginning on or after January 1, 2013. The changes made by the bill apply only to tax years beginning after December 31, 2012, and the credit does not apply to any loans entered into on or after July 1, 2023. The Legislature is required to review the effectiveness of the educational opportunity income tax credit by no later than June 1, 2021. The bill will reduce General Fund revenues and reduce revenue sharing starting in fiscal year 2012-13. Maine Revenue Services (MRS) states that revenue reductions may be substantially larger beyond fiscal year 2014-15 as more cohorts become eligible for the credit and participation levels increase. The refundability of the credit creates greater uncertainty regarding the size of the potential revenue reduction.

Additional costs to the University of Maine System, the Maine Community College System and Maine Maritime Academy to report the required information to the Department of Education by February 1, 2021 can be absorbed within the budgeted resources of each institution. The Department of Education has estimated the cost for its staff to compile the data submitted and submit the required recommendations by March 1, 2021 to be approximately \$8,000 in fiscal year 2020-21.