

**125th MAINE LEGISLATURE****LD 835****LR 1210(14)****An Act To Strengthen Maine's Economy through Improvements to the Educational Opportunity Tax Credit****Fiscal Note for Bill as Engrossed with:****C "B" (H-703)****H "A" (H-814) to C "B" (H-703)****H "B" (H-844) to C "B" (H-703)****Committee: Taxation****Fiscal Note**

	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>Projections FY 2013-14</b>	<b>Projections FY 2014-15</b>
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$90,250	\$494,950	\$722,950
<b>Revenue</b>				
General Fund	\$0	(\$90,250)	(\$494,950)	(\$722,950)
Other Special Revenue Funds	\$0	(\$4,750)	(\$26,050)	(\$38,050)

**Fiscal Detail and Notes**

The bill modifies the educational opportunity tax credit to make it refundable (only in the case of students majoring in science, technology, engineering or mathematics), extends credit eligibility to include certain students who transfer to an accredited Maine community college, college, or university from an accredited out-of-state institution and removes restrictions on the term of eligible loans. The changes apply to tax years beginning after December 31, 2012. The Legislature is required to review the effectiveness of the educational opportunity 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 states that the revenue reductions may be substantially larger beyond fiscal year 2014-15 as more cohorts become eligible for the credit and participation levels increase.

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 data and submit required recommendations by March 1, 2021 to be approximately \$8,000 in fiscal year 2020-21.