

18 DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

**125 BUREAU OF REVENUE SERVICES
INCOME/ESTATE TAX DIVISION**

Chapter 812: CREDIT FOR EDUCATIONAL OPPORTUNITY

SUMMARY: This rule explains in further detail the Maine income tax credit for educational opportunity pursuant to 36 M.R.S. § 5217-D and defines certain terms used in the statute, including “science, technology, engineering or mathematics” (STEM), for tax years beginning on or after January 1, 2014, but before January 1, 2022.

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.01 General qualifications

A taxpayer who is a qualified individual or the employer of a qualified individual under 36 M.R.S. § 5217-D may claim the Maine income tax credit for educational opportunity for certain educational loan payments related to the award of certain associate, bachelor’s, or graduate degrees.

.02 Credit refundability

The credit allowed to a qualified individual is refundable if the credit is based on loans included in the financial aid package acquired to obtain (1) for tax years beginning on or after January 1, 2013, an associate degree or bachelor’s degree in STEM, or (2) for tax years beginning on or after January 1, 2016, an associate degree in any field of study. *See* 36 M.R.S. § 5217-D(3).

.03 STEM – Definition applicable to degrees awarded prior to January 1, 2020

- A. For degrees awarded prior to January 1, 2020, a STEM degree means an associate

or bachelor's degree with a major (or if no major is awarded, an equivalent concentration) as recognized by the participant's accredited community college, college, or university limited to the following courses of study:

1. Animal, food, or plant science; archeology; biology; chemistry; computer and information sciences; environmental science; physics/physical, earth, or marine sciences; or registered nursing/nursing sciences;
 2. Aeronautical engineering; architectural engineering technology; biotechnology; clinical or medical technologies; communications technology; computer technology; construction engineering technology; drafting and design technology; automotive technology; electrical and electrical engineering technology; electromechanical engineering technology; science technology; or telecommunications technology;
 3. Chemical, civil, construction, electrical, forest, industrial, mechanical, naval, or surveying engineering;
 4. Economics, mathematics, or statistics; or
 5. Any degree listed on the United States Department of Homeland Security, Immigration and Customs Enforcement STEM Designated Degree Program List.
- B. Any degree awarded prior to January 1, 2020, that is considered a STEM degree pursuant to this section will continue to qualify for STEM-degree treatment after December 31, 2019, regardless of whether the taxpayer had previously treated the degree as a STEM degree.

.04 STEM – Definition applicable to degrees awarded on or after January 1, 2020

For degrees awarded on or after January 1, 2020, a STEM degree means a degree in a program of study classified under one of the following Classification of Instructional Programs (CIP) codes according to the Integrated Postsecondary Education Data System (IPEDS) of the National Center for Education Statistics (NCES):

- A. CIP codes listed on the United States Department of Homeland Security, Immigration and Customs Enforcement STEM Designated Degree Program List as of the year in which the degree was awarded;
- B. Dental Hygiene/Hygienist (CIP code 51.0602);
- C. Kinesiology and Exercise Science (CIP code 31.0505);
- D. Marine Science/Merchant Marine Officer (CIP code 49.0309);

- E. Occupational Therapy/Therapist (CIP code 51.2306)
- F. Registered Nursing, Nursing Administration, Nursing Research, and Clinical Nursing (CIP codes 51.3801 through 51.3899); and
- G. Secondary Education and Teaching: STEM Concentrations (CIP code 13.1205 with a concentration in a field that would qualify as a STEM degree under subsections A through F if the degree were earned in that field directly).

.05 Bachelor's and graduate degrees awarded simultaneously

In the case of a bachelor's degree and a graduate degree awarded simultaneously, the eligible loan payments made during the taxable year for tuition and fees associated with courses taken to acquire the degrees must be apportioned between the degrees using the proration method specified in this section. The proration method is used (1) to apportion amounts due and amounts paid between two separate qualifying degrees for the purpose of claiming each individual credit, and (2) to remove amounts due or amounts paid on loans associated with a nonqualifying degree. Tuition and fees of a course that could reasonably be apportioned to either of the degrees must be apportioned to one degree or the other. For each degree, the proration is a fraction, the numerator of which is the tuition and fees of the courses taken to acquire that degree and the denominator of which is the total tuition and fees of the courses taken to obtain both degrees. The combined tuition and fees apportioned to each degree may not exceed the total tuition and fees to obtain both degrees.

.06 Credit allowed in the event of forbearance or deferment

For tax years beginning on or after January 1, 2020, the payment amount considered due for purposes of 36 M.R.S. § 5217-D(2)(B) for any month of the taxable year in which the qualified individual's or qualified employee's required student loan payment is suspended due to forbearance or deferment is equal to the student loan payment amount that would be due but for forbearance or deferment, as established by supporting documentation provided to the Assessor that establishes that amount.

- A. **Variable Payment Amount.** For loans with a payment amount due that varies from month to month, the monthly payment amount considered due during forbearance or deferment is calculated using the average student loan payment due during the months of the taxable year in which the loans were not in forbearance or deferment. If the loans were in forbearance or deferment for the entire taxable year and the amount otherwise due is not known, the monthly payment amount considered due during forbearance or deferment is equal to the benchmark loan payment as determined under 36 M.R.S. § 5217-D(1)(A).
- B. **Payment Amount Unknown.** If the taxpayer does not establish the student loan payment amount that would be due but for forbearance or deferment by providing

sufficient supporting documentation to the Assessor, the monthly payment amount considered due during forbearance or deferment is equal to the benchmark loan payment as determined under 36 M.R.S. § 5217-D(1)(A).

.07 Regional accrediting association

For purposes of 36 M.R.S. § 5217-D, a regional accrediting association is either (1) any of the United States accrediting associations/commissions that comprise the Council of Regional Accrediting Commissions, or (2) an equivalent non-United States accrediting association, commission, or government entity that is a reliable authority on the quality of the education or training provided by the institutions of higher education it accredits or charters and that applies standards substantially equivalent to those utilized by the associations/commissions that comprise the Council of Regional Accrediting Commissions.

.08 Application

Except where otherwise stated, this rule applies to income tax years beginning on or after January 1, 2014 and before January 1, 2022.

STATUTORY AUTHORITY: 36 M.R.S. §§ 112, 5217-D

EFFECTIVE DATE:

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