# 18 DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

**125 BUREAU OF REVENUE SERVICES**

 **INCOME/ESTATE TAX DIVISION**

**Chapter 811: STUDENT LOAN REPAYMENT TAX CREDIT**

**SUMMARY:** This rule addresses the Maine student loan repayment tax credit (“SLRTC”) pursuant to 36 M.R.S. § 5217-E.

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# .01 Definitions

1. **Bachelor or associate degree in science, technology, engineering, or mathematics (“STEM”) awarded prior to January 1, 2020.**
2. For purposes of Section .05(A), below, a “bachelor or associate STEM degree awarded prior to January 1, 2020” means an associate or bachelor 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:
3. 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;
4. 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;
5. Chemical, civil, construction, electrical, forest, industrial, mechanical, naval, or surveying engineering;
6. Economics, mathematics, or statistics; or
7. Any degree listed on the United States Department of Homeland Security, Immigration and Customs Enforcement STEM Designated Degree Program List.
8. 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.
9. **Bachelor or associate degree in science, technology, engineering, or mathematics awarded on or after January 1, 2020, but before January 1, 2022.**
10. For purposes of Section .05(A), below, a “bachelor or associate STEM degree awarded on or after January 1, 2020 but before January 1, 2022,” means an associate or bachelor 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”):
11. 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;
12. Dental Hygiene/Hygienist (CIP code 51.0602);
13. Kinesiology and Exercise Science (CIP code 31.0505);
14. Marine Science/Merchant Marine Officer (CIP code 49.0309);
15. Occupational Therapy/Therapist (CIP code 51.2306);
16. Registered Nursing, Nursing Administration, Nursing Research, and Clinical Nursing (CIP codes 51.3801 through 51.3899); and
17. Secondary Education and Teaching: STEM Concentrations (CIP code 13.1205 with a concentration in a field that would qualify as a STEM degree under subparagraphs a through f if the degree was earned in that field directly).
18. **Code.** “Code” means the United States Internal Revenue Code of 1986 and amendments to that Code as of the date stated in 36 M.R.S. § 111(1-A).
19. **Earned income.** “Earned income,” as defined in 36 M.R.S. § 5217-E(1)(B), has the same meaning as in Code § 32(c)(2). “Earned income” includes, without limitation, wages, salaries, tips, and other employee compensation, but only if such amounts are includible in gross income for federal income tax purposes for the taxable year. “Earned income” also includes net earnings from self-employment for the taxable year (within the meaning of Code § 1402(a)), but such net earnings shall be determined with regard to the deduction for one-half of self-employment taxes under Code § 164(f).
20. **Earned income requirement.** “Earned income requirement” means the requirement that earned income of the taxpayer during the taxable year shall be equal to at least the state minimum wage, as set out in 26 M.R.S. § 664(1), as adjusted for cost-of-living increases, as determined on January 1st of the taxable year, multiplied by 936 hours. For tax years not beginning on January 1st of the calendar year, “January 1st of the taxable year” means January 1st of the calendar year during which the taxable year begins.
21. **Financial aid package.** “Financial aid package,” as defined in 36 M.R.S. § 5217-E(1)(D), means financial aid obtained by a student for attendance at an accredited community college, college, or university for an associate, bachelor’s, or graduate degree obtained by the student from an accredited community college, college, or university after December 31, 2007. “Financial aid package” may include private loans or less than the full amount of loans under federal programs, depending on the practices of the accredited community college, college, or university.
22. **Person related to the qualified individual.**  “Person related to the qualified individual” is a person that meets the criteria listed in Code §§ 267(b) or 707(b)(1).
23. **Qualified employer plan.**  “Qualified employer plan” has the same meaning as in Code § 72(p)(4).
24. **Qualified individual.** "Qualified individual" means an individual, including the spouse filing a joint return under 36 M.R.S. § 5221 with the individual, who is eligible for the credit provided in this section. An individual is eligible for the credit if the individual:
25. Obtained an associate, bachelor's or graduate degree from an accredited community college, college or university after December 31, 2007;
26. During the taxable year was a resident individual as defined in 36 M.R.S. § 5102(5); and
27. During the taxable year had earned income of at least the state minimum wage, as set out in 26 M.R.S. § 664(1), as adjusted for cost-of-living increases, as determined on January 1st of the taxable year, multiplied by 936 hours.

# .02 General qualifications

Subject to the limitations set forth in this rule, a Maine resident taxpayer who is a qualified individual under 36 M.R.S. § 5217-E may claim on their Maine income tax return the Maine SLRTC for certain eligible education loan payments made during the taxable year and certain unused credit amounts under the Maine educational opportunity tax credit (see 36 M.R.S. § 5217-D), that are related to the award of an associate, bachelor’s, or graduate degree after December 31, 2007. The SLRTC is refundable.

Married taxpayers who are qualified individuals and filing jointly may each separately claim the credit based upon their separately earned incomes.

**.03 Reduction in earned income requirement; disaster period**

A qualified individual must meet the earned income requirement as defined in section .01(D) to qualify for the SLRTC. The Assessor may reduce the minimum earned income requirement if a portion of the taxable year falls within a disaster period. If such a reduction is authorized by the Assessor, the amount of the reduction will be determined by multiplying the applicable minimum earned income requirement for the taxable year by the ratio of the number of days during the taxable year that fall within the disaster period to the total number of days during the taxable year.

**.04 Eligibility of education loan payments**

1. **Generally.** Eligible education loan payments are payments paid directly by the qualified individual to the lender with respect to loans that are in the name of the qualified individual and that are part of the qualified individual’s financial aid package. Only those loan payments made during that part of the taxable year that the qualified individual is a Maine resident qualify for the credit.
2. **Refinanced and consolidated loans.** Payments made with respect to refinanced loans or consolidated loans that are part of the qualified individual’s financial aid package are eligible for the credit if the refinanced loans or consolidated loans remain separate from other debt, but only in proportion to the portion of the loan payments that are otherwise eligible.
3. **Payments reimbursed by employer.** Eligible loan payments for which the qualified individual is reimbursed by an employer are eligible for the credit.
4. **Education loan payments not eligible.** The following education loan payments are not eligible for the credit:
	1. An otherwise qualified individual may not claim payments made on their behalf by another individual or by an employer;
	2. Except in the case of a spouse filing jointly with a qualified individual, an individual may not claim payments that they have made on behalf of an otherwise qualified individual;
	3. Payments made on loans obtained from a person related to the qualified individual;
	4. Payments made on loans obtained from a qualified employer plan;
	5. Payments made on loans under a contract purchased under a qualified employer plan;
	6. Payments made by the qualified individual prior to the award of their degree.
5. **Refunded loan payments.** Loan payments that are refunded by the lender, including refunds occurring after the last day of the taxable year, are not considered to have been paid and may not be claimed for purposes of the SLRTC. If a return claiming the credit was filed prior to the refund of payments, an amended return for the taxable year must be filed by the taxpayer to recalculate the SLRTC.

**.05 Credit limitations**

The refundable credit is limited to $2,500 per taxpayer annually and is subject to a $25,000 lifetime cap per taxpayer, except for the one-time election described in subsection A below. Each spouse on a married filing joint return is considered a separate taxpayer for purposes of the credit (i.e., except as provided in subsection A below, each spouse who is a qualified individual may receive a credit of up to $2,500 for each taxable year and a lifetime credit of up to $25,000).

1. A one-time election may be made to claim up to $3,500 (instead of up to $2,500) for either taxable year beginning in 2022 or 2023 by a qualified individual who received the educational opportunity tax credit under 36 M.R.S. § 5217-D during any taxable year beginning in 2019, 2020, or 2021 that was based on loans acquired to obtain a bachelor or associate STEM degree awarded prior to January 1, 2020 as defined by section .01(A) above or to obtain a bachelor or associate STEM degree awarded on or after January 1, 2020 but before January 1, 2022, as defined by section .01(B) above. The one-time increase in the annual maximum credit, up to $1,000, does not apply against the $25,000 lifetime cap.
2. Unused educational opportunity tax credit amounts that were allowed to be carried forward from prior taxable years under 36 M.R.S. § 5217-D(2)(A) that do not exceed the 10-year carryforward limit may be claimed for purposes of the SLRTC for any taxable year beginning on or after January 1, 2022, and before January 1, 2027. For purposes of 36 M.R.S. § 5217-E(2)(C) and this subsection, unused educational opportunity tax credit amounts do not include unused amounts that result from the educational opportunity tax credit calculation for employers under 36 M.R.S. § 5217-D(5).

# .06 Application

Except where otherwise stated, this Rule applies to taxable years beginning on or after January 1, 2022.

STATUTORY AUTHORITY:

36 M.R.S. §§ 112 & 5217-E

EFFECTIVE DATE:

May 22, 2024 – filing 2024-121

ACCESSIBILITY CHECK: July 3, 2025