

**§5217-E. Student Loan Repayment Tax Credit**

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Accredited community college, college or university" means an institution of higher education that is accredited by a regional accrediting association or by one of the specialized accrediting agencies recognized by the United States Secretary of Education. [PL 2021, c. 635, Pt. H, §15 (NEW).]

B. "Earned income" has the same meaning as in the Code, Section 32(c)(2). [PL 2021, c. 635, Pt. H, §15 (NEW).]

C. "Employer" has the same meaning as the term "employing unit," as defined in Title 26, section 1043, subsection 10. [PL 2021, c. 635, Pt. H, §15 (NEW).]

D. "Financial aid package" 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. [PL 2021, c. 635, Pt. H, §15 (NEW).]

E. "Qualified individual" means an individual, including the spouse filing a joint return under section 5221 with the individual, who is eligible for the credit provided in this section. An individual is eligible for the credit if the individual:

(1) Obtained an associate, bachelor's or graduate degree from an accredited community college, college or university after December 31, 2007;

(2) During the taxable year was a resident individual as defined in section 5102, subsection 5; and

(3) During the taxable year had earned income of at least the state minimum wage, as set out in Title 26, section 664, subsection 1, as adjusted for cost-of-living increases, as determined on January 1st of the taxable year, multiplied by 936 hours. The assessor may adopt rules reducing this amount if a portion of the taxable year falls within a disaster period. Rules adopted pursuant to this subparagraph are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A. [PL 2021, c. 635, Pt. H, §15 (NEW).]

F. "Regional accrediting association" means a regional accrediting association that is either:

(1) One of the United States accrediting associations or commissions that comprise the Council of Regional Accrediting Commissions or successor organization; or

(2) An accrediting association, commission or government entity not in the United States that is equivalent to an association or commission referred to in subparagraph (1) 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 one of the United States accrediting associations or commissions that comprise the Council of Regional Accrediting Commissions or successor organization. [PL 2021, c. 635, Pt. H, §15 (NEW).]

[PL 2021, c. 635, Pt. H, §15 (NEW).]

**2. Credit allowed.** For taxable years beginning on or after January 1, 2022, a qualified individual is allowed a refundable credit against the tax imposed by this Part in accordance with the provisions of this section. The credit, with respect to a qualified individual, is equal to the amount of loan payments made directly by the taxpayer to the lender during the taxable year plus the amount of any carryover

allowed in accordance with paragraph C, up to a maximum of \$2,500. The credit is created to implement the Job Creation Through Educational Opportunity Program established under Title 20-A, chapter 428-C.

A. A qualified individual may claim a credit under this section based on loan payments made directly by the taxpayer to a relevant lender or lenders only with respect to loans that are part of the qualified individual's financial aid package and only with respect to loan payment amounts paid directly by the taxpayer during that part of the taxable year that the qualified individual was a resident individual. Refinanced loans or consolidated loans that are part of the qualified individual's financial aid package are eligible for the credit under this section 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 under this section. [PL 2021, c. 635, Pt. H, §15 (NEW).]

B. Loans obtained from a person related to the qualified individual or from any person by reason of a loan under any qualified employer plan or under a contract referred to in the Code, Section 72(p)(5) do not qualify for the credit under this section. For purposes of this paragraph, a person is considered related to the qualified individual if that person meets the criteria listed in the Code, Section 267(b) or Section 707(b)(1). As used in this paragraph, "qualified employer plan" has the same meaning as in the Code, Section 72(p)(4). [PL 2021, c. 635, Pt. H, §15 (NEW).]

C. For taxable years beginning on or after January 1, 2022 and before January 1, 2027, a qualified individual with unused carryover credits pursuant to section 5217-D, subsection 2, paragraph A from the credit for educational opportunity generated in the 10 years from January 1, 2012 to December 31, 2021 may carry over and apply to the credit amount allowed pursuant to this section the portion, as reduced from year to year, of any unused credits. [PL 2021, c. 635, Pt. H, §15 (NEW).]

D. A qualified individual may only receive a credit otherwise allowed pursuant to this section up to a total lifetime credit cap amount of \$25,000. [PL 2021, c. 635, Pt. H, §15 (NEW).]

E. With respect to a qualified individual who received a credit pursuant to section 5217-D that reduced the qualified individual's tax liability or resulted in a refundable credit, to the extent the credit is based on loans included in the financial aid package acquired to obtain a bachelor's degree or associate degree in science, technology, engineering or mathematics in any taxable year beginning on or after January 1, 2019 and before January 1, 2022, the maximum credit allowed under this section is \$3,500 for the qualified individual's taxable year beginning in either 2022 or 2023, whichever taxable year is elected by the qualified individual. Any credit amount allowed in excess of \$2,500 as a result of this paragraph is not applied against the lifetime credit cap under paragraph D. [PL 2021, c. 635, Pt. H, §15 (NEW).]

[PL 2021, c. 635, Pt. H, §15 (NEW).]

## SECTION HISTORY

PL 2021, c. 635, Pt. H, §15 (NEW).

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