



128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 1123

S.P. 372

In Senate, March 21, 2017

An Act To Allow an Income Tax Deduction for Interest Paid on Student Loans

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator DION of Cumberland.
Cosponsored by Representative GRANT of Gardiner and
Senators: BELLOWS of Kennebec, CARSON of Cumberland, CHENETTE of York,
CHIPMAN of Cumberland, DESCHAMBAULT of York, DOW of Lincoln, VITELLI of
Sagadahoc, Representative: POULIOT of Augusta.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 36 MRSA §5122, sub-§2, ¶PP** is enacted to read:

3 PP. For taxable years beginning on or after January 1, 2017, an amount equal to the
4 interest paid by the taxpayer during the taxable year on any qualified education loan,
5 as defined in the Code, Section 221(d), adjusted as provided in this paragraph.

6 (1) The amount that would be deductible but for this subparagraph must be
7 calculated in the same manner as the deduction allowed under the Code, Section
8 221, except that the maximum deduction is \$5,000 and the amount of the
9 reduction pursuant to the Code, Section 221(b)(2)(B) is calculated by substituting
10 in the Code, Section 221(b)(2)(B)(i)(II) \$65,000 for \$50,000 and \$130,000 for
11 \$100,000 in the case of a joint return.

12 (2) The amount calculated under subparagraph (1) must be reduced by any
13 deduction for qualified education loans included in federal adjusted gross
14 income.

15 **SUMMARY**

16 This bill provides an additional income tax deduction for interest paid on qualified
17 education loans that exceeds the amount allowable under the United States Internal
18 Revenue Code. The maximum deduction is increased from \$2,500 to \$5,000 and the
19 modified adjusted gross income thresholds for phase-out of the deduction are increased
20 by \$15,000 for taxpayers filing as single individuals and \$30,000 for individuals filing a
21 joint return.