

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals  
(may include minor formatting differences from printed original)



# 129th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2019

---

Legislative Document

No. 725

---

H.P. 530

House of Representatives, February 11, 2019

**An Act To Provide an Income Tax Credit To Encourage Small  
Business Hiring**

---

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT  
Clerk

Presented by Representative FAY of Raymond.  
Cosponsored by Senator HERBIG of Waldo and  
Representatives: COREY of Windham, MASTRACCIO of Sanford, McCREA of Fort  
Fairfield, NADEAU of Winslow, O'CONNOR of Berwick, TERRY of Gorham.

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

2 **Sec. 1. 36 MRSA §5219-VV** is enacted to read:

3 **§5219-VV. Small business hiring incentive credit**

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

6 A. "Employment" means, for each tax year, the amount determined by adding the  
7 total number of full-time employees of an employer on each of 6 consecutive  
8 measurement days of that tax year chosen by the employer and then dividing that sum  
9 by 6.

10 B. "Full-time" means an average of at least 32 hours weekly during the period that an  
11 employee is employed.

12 C. "Measurement day" means the last business day of every other month of a tax  
13 year.

14 D. "Qualified employee" means:

15 (1) A year-round, full-time employee first hired no more than 24 months prior to  
16 the end of the tax year for which the credit is claimed and who was retained by  
17 the employer for at least 12 consecutive months during the 24 months prior to the  
18 end of the tax year; or

19 (2) A seasonal full-time employee first hired for a season beginning no more  
20 than 24 months prior to the end of the tax year for which the credit is claimed and  
21 who was reemployed for a 2nd season during the 24 months prior to the end of  
22 the tax year.

23 **2. Credit allowed.** An employer with employment of 25 or fewer full-time  
24 employees during the tax year is allowed a refundable credit equal to the amount of the  
25 employer's share of federal social security tax and Medicare tax paid by the employer that  
26 is attributable to the first 40 hours of employment of a qualified employee.

27 **Sec. 2. Application.** This Act applies to tax years beginning on or after January 1,  
28 2020.

29 **SUMMARY**

30 This bill provides a new employee hiring incentive by means of an income tax credit  
31 for employers with an average of 25 or fewer full-time employees during a tax year. The  
32 credit is equal to the amount of federal social security tax and Medicare tax paid by the  
33 employer for the first 40 hours of employment for new employees who are employed for  
34 at least 12 consecutive months for year-round jobs or at least 2 consecutive seasons for  
35 seasonal jobs.