

MAINE STATE LEGISLATURE

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129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 1305

S.P. 401

In Senate, March 19, 2019

**An Act To Encourage Savings through Contributions to Family
Development Accounts**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator VITELLI of Sagadahoc.
Cosponsored by Representative BROOKS of Lewiston and
Senators: CHIPMAN of Cumberland, LIBBY of Androscoggin, Representatives: ALLEY of
Beals, BLUME of York, HEPLER of Woolwich.

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. Contributions to family development account reserve funds**

4 **1. Credit allowed.** A taxpayer who contributes to a family development account
5 reserve fund as defined in Title 10, section 1075 is allowed a credit against the tax
6 imposed by this Part equal to the lower of:

7 A. Twenty-five thousand dollars; or

8 B. Fifty percent of the amount contributed by the taxpayer.

9 Only one credit may be claimed on each annual income tax return regardless of filing
10 status. The credit allowed under this section may not reduce the tax to less than zero and
11 must be applied after allowance for all other eligible credits. A taxpayer who claims a
12 credit under this section may not claim an itemized charitable deduction under section
13 5125 for the amount of the contribution that qualified for the credit.

14 **2. Aggregate limitation.** The total amount of contributions that may be claimed as
15 credits under this section in a state fiscal year is limited to \$200,000.

16 **3. Verification of eligibility.** The State Tax Assessor shall verify all claims for a
17 credit under this section. The State Tax Assessor may establish procedures requiring
18 submission of information necessary to verify eligibility by family development account
19 reserve fund administrators.

20 **4. Application.** The tax credit allowed under this section applies to taxable years
21 beginning on or after January 1, 2020.

22 **SUMMARY**

23 This bill creates a tax credit of up to \$25,000 for taxpayers who make contributions to
24 family development account reserve funds.