

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 203

S.P. 90

In Senate, January 14, 2025

An Act to Provide an Income Tax Credit for Employer-supported Child Care

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 STEWART of Aroostook.
Cosponsored by Senators: BENNETT of Oxford, BICKFORD of Androscoggin, LIBBY of
Cumberland, Representative: GUERRETTE of Caribou.

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

2 **Sec. 1. 36 MRSA §5217**, as amended by PL 2015, c. 267, Pt. DD, §22, is repealed.

3 **Sec. 2. 36 MRSA §5217-G** is enacted to read:

4 **§5217-G. Employer-supported child care credit**

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

7 A. "Employing unit" has the same meaning as in Title 26, section 1043, subsection 10.

8 B. "Providing child care services" means expending funds or providing in-kind
9 resources to build, furnish, license, staff, operate or subsidize a child care center
10 licensed by the Department of Health and Human Services to provide early care and
11 education services to children of employees of the employing unit at no profit to the
12 employing unit or to contract with a child care facility licensed by or registered with
13 the department to provide early care and education services to children of employees
14 of the employing unit. "Providing child care services" includes payments made by an
15 employing unit to an employee for purposes of paying for early care and education
16 services for children of the employee under a dependent care assistance program and
17 the provision of child care resource and referral services to employees.

18 **2. Credit allowed for child care expenses.** For tax years beginning on or after January
19 1, 2026, an employing unit is allowed a refundable credit against the tax otherwise due
20 under this Part for each tax year in an amount equal to the lesser of:

21 A. Fifty percent of the costs incurred in providing child care services; and

22 B. Three thousand dollars for each child of an employee of the employing unit for
23 which the employing unit is providing child care services.

24 **3. Carry-over.** Any unused credit under this section may be carried over to the
25 following year or years for a period not to exceed 15 years.

26 **4. Evaluation; specific public policy objectives.** Beginning in 2030, the credit
27 provided under this section is subject to ongoing legislative review in accordance with Title
28 3, chapter 37. In developing evaluation parameters to perform the review, the Office of
29 Program Evaluation and Government Accountability, the joint legislative committee
30 established to oversee program and government accountability matters and the joint
31 standing committee of the Legislature having jurisdiction over taxation matters shall
32 consider whether the specific public policy objectives and economic benefit of the credit
33 provided under this section outweigh the loss of revenue to the State.

34 **SUMMARY**

35 This bill repeals the law governing the employer-assisted day care income tax credit,
36 which by its own terms does not apply to tax years beginning on or after January 1, 2016.
37 The bill authorizes, for tax years beginning on or after January 1, 2026, a refundable tax
38 credit for an employer that pays or provides in-kind resources for child care for the children
39 of its employees. The amount of the annual credit is 50% of the amount expended or \$3,000
40 per child, whichever is lower. The bill also provides that the credit is subject to ongoing
41 legislative review.