

MAINE STATE LEGISLATURE

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Report C

L.D. 1294

Date: 6/12/25

(Filing No. S-390)

REPORT C

TAXATION

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STATE OF MAINE

SENATE

132ND LEGISLATURE

FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "B" to S.P. 524, L.D. 1294, "An Act to Expand the Dependent Exemption Tax Credit"

Amend the bill by striking out everything after the enacting clause and inserting the following:

Sec. 1. 36 MRSA §5219-SS, sub-§4, as amended by PL 2023, c. 412, Pt. ZZZ, §6, is further amended to read:

4. Refundability; phase-out. For tax years beginning before January 1, 2024, the credit allowed by this section may not reduce the tax otherwise due under this Part to less than zero. For tax years beginning on or after January 1, 2024, the credit allowed under subsections 1, 1-A, 3 and 3-A, as increased by subsection 5 for tax years beginning on or after January 1, 2025, is refundable. ~~The amount of the credit allowed by this section must be reduced, but not below zero, by \$7.50 for each \$1,000 or fraction thereof by which the taxpayer's Maine adjusted gross income exceeds \$400,000 in the case of a joint return and \$200,000 in any other case.~~

For tax years beginning before January 1, 2025, the amount of the credit allowed by this section must be reduced, but not below zero, by \$7.50 for each \$1,000 or fraction thereof by which the taxpayer's Maine adjusted gross income exceeds \$400,000 in the case of a joint return and \$200,000 in any other case.

For tax years beginning on or after January 1, 2025, the amount of the credit allowed by this section, as increased by subsection 5, must be reduced, but not below zero, by \$20 for each \$500 or fraction thereof by which the taxpayer's Maine adjusted gross income exceeds:

A. For a single individual, \$125,000;

B. For an individual filing as a head of household, \$150,000;

C. For individuals filing married joint returns or surviving spouses, \$175,000; and

D. For a married individual filing a separate return, 1/2 of the applicable amount under paragraph C.

1 **Sec. 2. 36 MRSA §5219-SS, sub-§5** is enacted to read:

2 **5. Increased credit for qualifying children and dependents under 6 years of age.**
 3 For tax years beginning on or after January 1, 2025, the credit amount allowed in
 4 subsections 1, 1-A, 2, 2-A, 3 and 3-A for each qualifying child and dependent who has not
 5 attained 6 years of age before the end of the taxable year is multiplied by 2.

6 **Sec. 3. 36 MRSA §5403, sub-§8**, as amended by PL 2023, c. 412, Pt. ZZZ, §9, is
 7 further amended to read:

8 **8. Personal exemption phase-out.** Beginning in 2018 and each year thereafter, by
 9 the dollar amount of the applicable amounts specified in section 5126-A, subsection 2,
 10 paragraphs A, B and C, except that for the purposes of this subsection, notwithstanding
 11 section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer
 12 Price Index for the 12-month period ending June 30th of the preceding calendar year
 13 divided by the Chained Consumer Price Index for the 12-month period ending June 30,
 14 2017; and

15 **Sec. 4. 36 MRSA §5403, sub-§9**, as enacted by PL 2023, c. 412, Pt. ZZZ, §10, is
 16 amended to read:

17 **9. Dependent exemption tax credit amount.** Beginning in 2024 and each year
 18 thereafter, by the dollar amount of the dependent exemption tax credit under section
 19 5219-SS, except that for the purposes of this subsection, notwithstanding section 5402,
 20 subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for
 21 the 12-month period ending June 30th of the preceding calendar year divided by the
 22 Chained Consumer Price Index for the 12-month period ending June 30, 2023. If the credit
 23 amount, adjusted by application of the cost-of-living adjustment, is not a multiple of \$5,
 24 any increase must be rounded to the next lowest multiple of \$5; and

25 **Sec. 5. 36 MRSA §5403, sub-§10** is enacted to read:

26 **10. Dependent exemption phase-out.** Beginning in 2025 and each year thereafter,
 27 by the dollar amount of the applicable amounts specified in section 5219-SS, subsection 4,
 28 paragraphs A, B and C, except that for the purposes of this subsection, notwithstanding
 29 section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer
 30 Price Index for the 12-month period ending June 30th of the preceding calendar year
 31 divided by the Chained Consumer Price Index for the 12-month period ending June 30,
 32 2024.

33 **Sec. 6. Appropriations and allocations.** The following appropriations and
 34 allocations are made.

35 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

36 **Revenue Services, Bureau of 0002**

37 Initiative: Provides one-time funding for computer programming costs.

38 GENERAL FUND	2025-26	2026-27
39 All Other	\$31,800	\$0
40		
41 GENERAL FUND TOTAL	<u>\$31,800</u>	<u>\$0</u>

1 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
2 number to read consecutively.

3 **SUMMARY**

4 This amendment replaces the bill. The amendment doubles the dependent exemption
5 tax credit for a child or dependent who has not attained 6 years of age by the end of the tax
6 year and phases out the refundability of the tax credit based on income.

7 The amendment also adds an appropriations and allocations section.

8 **FISCAL NOTE REQUIRED**

9 (See attached)



Approved: 06/09/25 **LRL**

132nd MAINE LEGISLATURE

LD 1294

LR 1681(03)

An Act to Expand the Dependent Exemption Tax Credit

Fiscal Note for Bill as Amended by Committee Amendment "B(5.390)"

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
Net Cost (Savings)				
General Fund	\$5,733,700	\$5,467,250	\$5,359,900	\$4,788,000
Appropriations/Allocations				
General Fund	\$31,800	\$0	\$0	\$0
Revenue				
General Fund	(\$5,701,900)	(\$5,467,250)	(\$5,359,900)	(\$4,788,000)
Other Special Revenue Funds	(\$300,100)	(\$287,750)	(\$282,100)	(\$252,000)

Fiscal Detail and Notes

This bill would result in a revenue decrease to the General Fund of \$5,701,900 in fiscal year 2025-26 and \$5,467,250 in fiscal year 2026-27 by doubling the dependent exemption tax credit for a child or dependent who has not attained 6 years of age by the end of the tax year and phases out the refundability of the tax credit based on income; \$125,000 for single filers; \$150,000 for head of household filers; and \$175,000 for married joint or surviving spouse filers for tax years beginning on or after January 1, 2025. The bill would also result in a revenue decrease to the Local Government Fund of \$300,100 in fiscal year 2025-26 and \$287,750 in fiscal year 2026-27.

Additionally, the bill includes a one-time General Fund appropriation to the Bureau of Revenue Services within the Department of Administrative and Financial Services of \$31,800 in fiscal year 2025-26 to fund computer programming costs associated with the provisions of this bill.