

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND THIRTEENTH LEGISLATURE
4

5 Legislative Document

NO. 112

6
7 H.P. 102 House of Representatives, January 28, 1987
8 Reference to the Committee on Taxation suggested and
ordered printed.

9 EDWIN H. PERT, Clerk
Presented by Representative DIAMOND of Bangor.
10 Cosponsored by Senator CLARK of Cumberland,
Representatives FOSS of Yarmouth and MAYO of Thomaston.

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-SEVEN
16

17 AN ACT to Encourage Employers to Assist their
18 Employees in Meeting Their Child Care
19 Needs and Expenses.
20

21 Be it enacted by the People of the State of Maine as
22 follows:

23 Sec. 1. 36 MRSA §5217 is enacted to read:

24 §5217. Employer assisted day care

25 1. Credit allowed. A taxpayer constituting an
26 employing unit is allowed a credit against the tax
27 imposed by this Part for each taxable year equal to
28 the lowest of:

29 A. Two thousand dollars;

1 B. Twenty percent of the costs incurred by the
2 taxpayer in providing day care services for chil-
3 dren of employees of the taxpayer; or

4 C. Fifty dollars for each child of an employee
5 of the taxpayer enrolled on a full-time basis, or
6 each full-time equivalent, throughout the taxable
7 year in day care service provided by the taxpayer
8 or in the first year that the taxpayer provides
9 day care services, for each child enrolled on a
10 full-time basis, or each full-time equivalent, on
11 the last day of the year.

12 2. Definitions. As used in this section, unless
13 the context otherwise indicates, the following terms
14 have the following meanings.

15 A. "Employing unit" has the same meaning as in
16 Title 26, section 1043.

17 B. "Providing day care services" means expending
18 funds to build, furnish, license, staff, operate
19 or subsidize a day care center licensed by the
20 Department of Human Services to provide day care
21 services to children of employees of the taxpayer
22 at no profit to the taxpayer or to contract with
23 a day care facility licensed by or registered
24 with the department to provide day care services
25 to children of the employees of the taxpayer.
26 "Providing day care services" also includes the
27 provision of day care resource and referral ser-
28 vices to employees and the provision of vouchers
29 by an employer to an employee for purposes of
30 paying for day care services for children of the
31 employee.

32 3. Unused credit carried over. The amount of
33 the credit that may be used by a taxpayer for a tax-
34 able year may not exceed the amount of tax otherwise
35 due under this Part. Any unused credit may be car-
36 ried over to the following year or years for a period
37 not to exceed 3 years.

38 4. Exclusivity of credit. The credit allowed by
39 this section is in lieu of any deduction otherwise
40 allowable under this Part for the portion of costs
41 incurred attributable to the providing of day care
42 services for which the credit is claimed.

1 Sec. 2. Application. This Act shall apply to
2 tax years beginning on or after January 1, 1987.

3 STATEMENT OF FACT

4 The purpose of this bill is to provide a tax
5 credit to employers who assist their employees with
6 child care costs by providing on-site facilities for
7 care of the children of employees or by subsidizing
8 day care for children of their employees at a site
9 outside the place of employment.

10 Under this bill day care resource and referral
11 services and employee vouchers are among the activi-
12 ties which qualify for the income tax credit. The
13 bill also ensures that employers who claim the credit
14 do not get a double benefit by claiming a deduction
15 for the same expenses.

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