

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

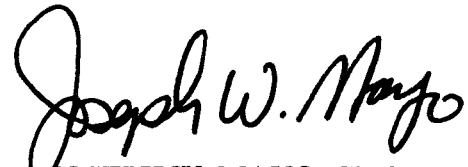
No. 355

H.P. 251

House of Representatives, January 14, 1999

**An Act to Provide Tax Relief to Working Parents and Guardians of
Children in Day Care.**

Reference to the Committee on Taxation suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative SHIELDS of Auburn.
Cosponsored by Representative SNOWE-MELLO of Poland.

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

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Sec. 1. 36 MRSA §5122, sub-§2, ¶J, as corrected by RR 1997, c. 2, §59, is amended to read:

J. Any amount constituting a qualified withdrawal from an account established pursuant to Title 20-A, chapter 417-E and used for paying higher education expenses; and

Sec. 2. 36 MRSA §5122, sub-§2, ¶K, as reallocated by RR 1997, c. 2, §60 and affected by §61, is amended to read:

K. For income tax years beginning on or after January 1, 1997, all items of income, gain, interest, dividends, royalties and other income of a financial institution subject to the tax imposed by section 5206, to the extent that those items are passed through to the taxpayer for federal income tax purposes, including, if the financial institution is an S corporation, the taxpayer's pro rata share and, if the financial institution is a partnership or limited liability company, the taxpayer's distributive share. A subtraction may not be made under this paragraph for:

- (1) Income of the taxpayer earned on interest-bearing or similar accounts of the taxpayer at a financial institution as a customer of that financial institution;
- (2) Any dividends or other distributions with respect to a taxpayer's ownership interest in a financial institution; and
- (3) Any gain recognized on the disposition by the taxpayer of an ownership interest in a financial institution; and

Sec. 3. 36 MRSA §5122, sub-§2, ¶L is enacted to read:

L. The total amount paid by a taxpayer for child care for a dependent during hours when the taxpayer works or commutes to work. The deduction permitted by this section may be taken as an alternative to the credit provided in section 5218 but not in addition to that credit.

Sec. 4. Application. This Act applies to tax years beginning on or after January 1, 2000.

SUMMARY

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4 This bill provides an income tax deduction for the total
6 costs of child care during working hours. The deduction may be
 taken as an alternative to, but not in addition to, the currently
 authorized child care credit, which is equal to 25% of the
 federally allowed child care credit.