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Legislative Document

No. 1063

S.P. 359

In Senate, February 9, 1999

An Act to Create Quality Child Care Investment Incentives.

Reference to the Committee on Taxation suggested and ordered printed.

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JOY J. O'BRIEN Secretary of the Senate

Presented by Senator LONGLEY of Waldo. Cosponsored by Speaker ROWE of Portland and Senator RUHLIN of Penobscot, Representatives: BAKER of Bangor, COLWELL of Gardiner, DAVIDSON of Brunswick, MURPHY of Berwick.

_	Be it enacted by the People of the State of Maine as follows:
2	Sec.1. 36 MRSA §2524, sub-§2, ¶C is enacted to read:
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6	C. "Ouality child care" has the meaning set forth in rules adopted by the Department of Human Services under section 5219-O, subsection 5.
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10	Sec. 2. 36 MRSA §2524, sub-§4 is enacted to read:
	4. Quality child care. The credit allowed under this
12	section doubles in amount if the day care service provided by the taxpayer constitutes quality child care.
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16	Sec. 3. 36 MRSA §5218, as amended by PL 1987, c. 772, §40, is further amended to read:
18	§5218. Income tax credit for child care expenses
20	A resident individual shall-be is allowed a credit against
	the tax otherwise due under this Part in the amount of 20% of the
22	federal tax credit allowable for child and dependent care
	expenses in tax year 1987; and 25% of the federal tax credit
24	allowable for child and dependent care expenses thereafter. In
	no-case-may-this-crodit-reduce-the-Maine-income-tax-to-less-than
26	sere. This credit doubles in amount if the child care expenses
	were incurred through the use of guality child care. As used in
28	this section, unless the context otherwise indicates, "quality child care" has the meaning set forth in rules adopted by the
30	Department of Human Services under section 5219-0, subsection 5. The credit allowed by this section may result in a refund of up
32	to \$500.
34	Sec. 4. 36 MRSA §5219-Q is enacted to read:
36	§5219-0. Quality child care investment credit
38	1. Definition. As used in this section, unless the context
	otherwise indicates, "quality child care" has the meaning
40	developed under subsection 5.
42	2. Credit allowed. A taxpayer is allowed a credit against
	the tax imposed by this Part in an amount equal to the qualifying
44	portion of expenditures paid or expenses incurred by the taxpayer
	for the creation of quality child care services as calculated
46	pursuant to subsection 3.
48	3. Qualifying portion. For purposes of calculating the
	credit, the gualifying portion is:
50	A. Thirty percent for up to \$30,000 of expenditures; and
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B. If the taxpayer expends \$10,000 in one year, \$1,000 each year for 10 years and \$10,000 at the end of the 10-year 2 period. 4 4. Limitation: carry-over. The credit allowed under subsection 2 may not reduce the tax otherwise due under this Part 6 below zero. Any unused portion of the credit may be carried over 8 to the following year or years until exhausted. 10 5. Quality child care. The Department of Human Services shall adopt rules defining quality child care. Rules adopted pursuant to this subsection are major substantive rules as 12 defined in the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II-A. 14 6. Application. This Act applies to tax years beginning on 16 or after January 1, 2000. 18 20 SUMMARY 22 Under current law individual residents may receive a tax credit for child care expenditures and employers may receive a tax credit for providing day care services to employees. 24 This bill increases the credit amounts if the child care expenditures are made for day care services, provided that are quality child 26 care as defined by rule. The bill establishes a new tax credit for those investing in the creation of quality day care services. 28