

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1148

H.P. 869

House of Representatives, February 28, 2001

An Act to Implement the Recommendations of the Maine Millennium Commission on Hunger and Food Security to Expand the Maine Earned Income Tax Credit Program to Make It Refundable and Increase the Amount of Benefit a Family Can Receive.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative SNOWE-MELLO of Poland.

Cosponsored by Senator LEMONT of York and

Representatives: MacDOUGALL of North Berwick, MENDROS of Lewiston, MICHAEL of Auburn, QUINT of Portland, TRAHAN of Waldoboro, Senator: McALEVEY of York.

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

4 **Sec. 1. 36 MRSA §5219-S**, as enacted by PL 1999, c. 731, Pt.
V, §1 and affected by §2, is amended to read:

6 **§5219-S. Earned income credit**

8 A taxpayer is allowed eligible for a refundable credit
9 against the taxes otherwise due under this Part equal to 5% 15%
10 of the federal earned income credit for the same taxable year
11 beginning January 1, 2002 and equal to 25% of the federal earned
12 income tax credit for tax years beginning on or after January 1,
13 2003. ~~The credit may not reduce the state income tax to less~~
14 ~~than zero.~~

16 **SUMMARY**

18 The State does not currently offer a refundable earned
19 income tax credit to lower-income families with earnings. A
20 nonrefundable credit against taxes owed was enacted in the Second
21 Regular Session of the 119th Legislature. The maximum amount of
22 credit a family could receive is less than \$200.

24 This proposal makes the credit refundable, similar to the
25 federal, earned income tax credit, and increases the amount of
26 refund a family can receive from 5% of the federal rate to 15% in
27 2002 and 25% in 2003 and thereafter.