

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)



# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

---

Legislative Document

No. 1712

H.P. 1195

House of Representatives, March 23, 2007

### An Act To Amend the Amount of the Child Care Tax Credit

---

Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative CONOVER of Oakland.

Cosponsored by Senator PERRY of Penobscot and

Representatives: CHASE of Wells, FAIRCLOTH of Bangor, PIOTTI of Unity, RAND of Portland, WATSON of Bath, Senators: MILLS of Somerset, NASS of York.

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

2 **Sec. 1. 36 MRSA §5218**, as amended by PL 2005, c. 519, Pt. DD, §§1 to 3, is  
3 further amended to read:

4 **§5218. Income tax credit for child care expenses**

5 **1. Resident taxpayer.** A resident individual is allowed a credit against the tax  
6 otherwise due under this Part in the amount of ~~25%~~ 100% of the federal tax credit  
7 ~~allowable~~ for child and dependent care expenses for which the individual is eligible in the  
8 same federal tax year, except that for tax years beginning in 2003, 2004 and 2005, the  
9 applicable percentage is 21.5% instead of 25% notwithstanding any limitation imposed  
10 by the Code, Section 26.

11 **2. Nonresident taxpayer.** A nonresident individual is allowed a credit against the  
12 tax otherwise due under this Part in the amount of ~~25%~~ 100% of the federal tax credit  
13 ~~allowable~~ for child and dependent care expenses for which the individual is eligible in the  
14 same federal tax year, notwithstanding any limitation imposed by the Code, Section 26,  
15 multiplied by the ratio of the individual's Maine adjusted gross income, as defined in  
16 section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted  
17 gross income, as modified by section 5122, ~~except that for tax years beginning in 2003,~~  
18 ~~2004 and 2005, the applicable percentage is 21.5% instead of 25%.~~

19 **2-A. Part-year resident taxpayer.** An individual who files a return as a part-year  
20 resident in accordance with section 5224-A is allowed a credit against the tax otherwise  
21 due under this Part in the amount of ~~25%, except that for tax years beginning in 2003,~~  
22 ~~2004 and 2005 the applicable percentage is 21.5%, instead of 25%,~~ 100% of the federal  
23 tax credit ~~allowable~~ for child and dependent care expenses for which the individual is  
24 eligible in the same federal tax year, notwithstanding any limitation imposed by the Code,  
25 Section 26, multiplied by a ratio, the numerator of which is the individual's Maine  
26 adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that  
27 portion of the taxable year during which the individual was a resident plus the individual's  
28 Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph B for  
29 that portion of the taxable year during which the individual was a nonresident and the  
30 denominator of which is the individual's entire federal adjusted gross income, as modified  
31 by section 5122.

32 **3. Quality child care services.** The credit provided by subsections 1, 2 and 2-A  
33 doubles in amount if the child care expenses were incurred through the use of quality  
34 child care services as defined in section 5219-Q, subsection 1.

35 **4. Refund.** ~~The credit allowed by this section may result in a refund of up to \$500.~~  
36 In the case of a nonresident individual, the refundable portion of the credit may not  
37 exceed \$500 multiplied by the ratio of the individual's Maine adjusted gross income, as  
38 defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal  
39 adjusted gross income, as modified by section 5122. In the case of an individual who  
40 files a return as a part-year resident in accordance with section 5224-A, the refundable  
41 portion of the credit may not exceed \$500 multiplied by a ratio, the numerator of which is

1 the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C,  
2 paragraph A for that portion of the taxable year during which the individual was a  
3 resident plus the individual's Maine adjusted gross income as defined in section 5102,  
4 subsection 1-C, paragraph B for that portion of the taxable year during which the  
5 individual was a nonresident and the denominator of which is the individual's entire  
6 federal adjusted gross income, as modified by section 5122.

7 **Sec. 2. Application.** That section of this Act that amends the Maine Revised  
8 Statutes, Title 36, section 5218 applies to tax years beginning on or after January 1, 2007.

9

## SUMMARY

10 This bill increases the income tax deduction allowed for child care expenses to 100%  
11 of the credit allowed under federal law and removes the \$500 cap on the amount of the  
12 refund.