

MAINE STATE LEGISLATURE

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125th MAINE LEGISLATURE

FIRST REGULAR SESSION-2011

Legislative Document

No. 707

H.P. 538

House of Representatives, February 23, 2011

An Act To Increase the State Earned Income Credit

Received by the Clerk of the House on February 18, 2011. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Clerk

Presented by Representative STUCKEY of Portland.
Cosponsored by Senator PATRICK of Oxford and
Representatives: BERRY of Bowdoinham, BRYANT of Windham, FLEMINGS of Bar
Harbor, Senators: ALFOND of Cumberland, CRAVEN of Androscoggin, JACKSON of
Aroostook.

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

2 **Sec. 1. 36 MRSA §5219-S**, as amended by PL 2009, c. 213, Pt. BBBB, §16, is
3 further amended to read:

4 **§5219-S. Earned income credit**

5 **1. Resident taxpayer.** A resident individual is allowed a credit against the tax
6 otherwise due under this Part in the amount of ~~5%~~ 25% of the federal earned income
7 credit for the same taxable year, except that for tax years beginning in 2009 and 2010, the
8 applicable percentage is 4%.

9 **2. Nonresident taxpayer.** A nonresident individual is allowed a credit against the
10 tax otherwise due under this Part in the amount of ~~5%~~ 25% of the federal earned income
11 credit for the same taxable year, except that for tax years beginning in 2009 and 2010, the
12 applicable percentage is 4%, multiplied by the ratio of the individual's Maine adjusted
13 gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's
14 entire federal adjusted gross income, as modified by section 5122.

15 **3. Part-year resident taxpayer.** An individual who files a return as a part-year
16 resident in accordance with section 5224-A is allowed a credit against the tax otherwise
17 due under this Part in the amount of ~~5%~~ 25% of the federal earned income credit for the
18 same taxable year, except that for tax years beginning in 2009 and 2010, the applicable
19 percentage is 4%, multiplied by a ratio, the numerator of which is the individual's Maine
20 adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that
21 portion of the taxable year during which the individual was a resident plus the
22 individual's Maine adjusted gross income as defined in section 5102, subsection 1-C,
23 paragraph B for that portion of the taxable year during which the individual was a
24 nonresident and the denominator of which is the individual's entire federal adjusted gross
25 income, as modified by section 5122.

26 **4. Refund.** The credit allowed by this section ~~may not reduce the Maine income tax~~
27 ~~to less than zero~~ is fully refundable.

28 **Sec. 2. Application.** This Act applies to tax years beginning on or after January 1,
29 2011.

30 **SUMMARY**

31 This bill, beginning in 2011, increases the state earned income credit from 5% to 25%
32 of the federal earned income credit and provides that the state earned income credit is
33 fully refundable.