

# MAINE STATE LEGISLATURE

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# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

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Legislative Document

No. 455

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H.P. 305

House of Representatives, February 14, 2013

### **An Act To Increase the State Earned Income Credit**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative STUCKEY of Portland.  
Cosponsored by Senator JACKSON of Aroostook and  
Representatives: BERRY of Bowdoinham, GATTINE of Westbrook, GILBERT of Jay,  
SANBORN of Gorham, Senator: President ALFOND of Cumberland.

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%~~ 50% 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%~~ 50% 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%~~ 50% 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 2013.

30 **SUMMARY**

31 This bill, beginning in 2013, increases the state earned income credit from 5% to 50%  
32 of the federal earned income credit and provides that the state earned income credit is  
33 fully refundable.