

# 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)

SMILEY  
ROBS

L.D. 96

Date: 5/29/15

(Filing No. H-230)

TAXATION

Reproduced and distributed under the direction of the Clerk of the House.

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
127TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT 'A' to H.P. 79, L.D. 96, Bill, "An Act To Increase the State Earned Income Credit"

Amend the bill by striking out all of section 1 and inserting the following:

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

**§5219-S. Earned income credit**

**1. Resident taxpayer.** ~~A~~ Except as provided in subsection 1-A, a resident individual is allowed a credit against the tax otherwise due under this Part in the amount of ~~5%~~ 10% of the federal earned income credit for the same taxable year, except that for tax years beginning in 2009 and 2010, the applicable percentage is 4% and for tax years beginning in 2011 but before January 1, 2015 the applicable percentage is 5%.

**1-A. Taxpayer with no qualifying child.** A taxpayer with no qualifying child is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the federal earned income credit for the same taxable year. The credit for a nonresident taxpayer or a part-year resident taxpayer under this subsection is prorated in the same manner as described in subsections 2 and 3.

**2. Nonresident taxpayer.** ~~A~~ Except as provided in subsection 1-A, a nonresident individual is allowed a credit against the tax otherwise due under this Part in the amount of ~~5%~~ 10% of the federal earned income credit for the same taxable year, except that for tax years beginning in 2009 and 2010, the applicable percentage is 4% and for tax years beginning in 2011 but before January 1, 2015 the applicable percentage is 5%, multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income, as modified by section 5122.

**3. Part-year resident taxpayer.** ~~An~~ Except as provided in subsection 1-A, an individual who files a return as a part-year resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part in the amount of ~~5%~~ 10% of the federal earned income credit for the same taxable year, except that for tax years

ROFS

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
  
11  
12  
13  
14  
15  
16  
17

beginning in 2009 and 2010; the applicable percentage is 4% and for tax years beginning in 2011 but before January 1, 2015 the applicable percentage is 5%, multiplied by a ratio, the numerator of which is the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph B for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income, as modified by section 5122.

**4. Limitation.** The credit allowed by this section may not reduce the Maine income tax to less than zero.'

**SUMMARY**

This amendment clarifies the timing of the bill's changes to the earned income tax credit, adds an enhanced credit for taxpayers with no qualifying child that is equal to 50% of the federal earned income tax credit and removes provisions of the bill making the credit refundable.

**FISCAL NOTE REQUIRED**

(See attached)



# 127th MAINE LEGISLATURE

LD 96

LR 26(02)

## An Act To Increase the State Earned Income Credit

Fiscal Note for Bill as Amended by Committee Amendment 'A' (H-230)  
Committee: Taxation  
Fiscal Note Required: Yes

### Fiscal Note

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
<b>Net Cost (Savings)</b>				
General Fund	\$741,000	\$779,000	\$817,000	\$764,750
<b>Revenue</b>				
General Fund	(\$741,000)	(\$779,000)	(\$817,000)	(\$764,750)
Other Special Revenue Funds	(\$39,000)	(\$41,000)	(\$43,000)	(\$40,250)

#### Fiscal Detail and Notes

This legislation increases the earned income tax credit from 5% to 10% and adds an enhanced credit for taxpayers with no qualifying child equal to 50% of the federal earned income tax credit. It would result in a reduction in General Fund revenue of \$741,000 in fiscal year 2015-16 and \$779,000 in fiscal year 2016-17 and a reduction in Local Government Fund revenue of \$39,000 in fiscal year 2015-16 and \$41,000 in fiscal year 2016-17.