

MAINE STATE LEGISLATURE

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128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 1144

H.P. 807

House of Representatives, March 23, 2017

An Act To Support Maine Families by Increasing the Dependent Care Credit

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative HERBIG of Belfast.
Cosponsored by Senator CUSHING of Penobscot and
Representatives: BICKFORD of Auburn, COOPER of Yarmouth, GRANT of Gardiner,
McCREIGHT of Harpswell, TERRY of Gorham, Senator: CHENETTE 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 2015, c. 267, Pt. DD, §24 and
3 affected by §34, is 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% of the federal tax credit allowable for
7 child and dependent care expenses in the same tax year, except that for tax years
8 beginning in ~~2003, 2004 and 2005~~ or after 2017, the applicable percentage is ~~21.5%~~ 50%
9 instead of 25%.

10 **2. Nonresident taxpayer.** A nonresident individual is allowed a credit against the
11 tax otherwise due under this Part in the amount of 25% of the federal tax credit allowable
12 for child and dependent care expenses multiplied by the ratio of the individual's Maine
13 adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the
14 individual's entire federal adjusted gross income, as modified by section 5122, except that
15 for tax years beginning in ~~2003, 2004 and 2005~~ or after 2017, the applicable percentage is
16 ~~21.5%~~ 50% instead of 25%.

17 **2-A. Part-year resident taxpayer.** An individual who files a return as a part-year
18 resident in accordance with section 5224-A is allowed a credit against the tax otherwise
19 due under this Part in the amount of 25%, except that for tax years beginning in ~~2003,~~
20 ~~2004 and 2005~~ or after 2017, the applicable percentage is ~~21.5%~~ 50%, instead of 25%, of
21 the federal tax credit allowable for child and dependent care expenses multiplied by a
22 ratio, the numerator of which is the individual's Maine adjusted gross income as defined
23 in section 5102, subsection 1-C, paragraph A for that portion of the taxable year during
24 which the individual was a resident plus the individual's Maine adjusted gross income as
25 defined in section 5102, subsection 1-C, paragraph B for that portion of the taxable year
26 during which the individual was a nonresident and the denominator of which is the
27 individual's entire federal adjusted gross income, as modified by section 5122.

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

31 **4. Refund.** The credit allowed by this section may result in a refund of up to \$500
32 except, in the case of a nonresident individual, the credit may not reduce the Maine
33 income tax to less than zero. ~~For tax years beginning in or after 2017, the refundable~~
34 ~~amount is \$750~~ in the case of an individual who files a return as a part-year resident in
35 accordance with section 5224-A, the refundable portion of the credit may not exceed
36 \$500 or, for tax years beginning in or after 2017, \$750 multiplied by a ratio, the
37 numerator of which is the individual's Maine adjusted gross income as defined in section
38 5102, subsection 1-C, paragraph A for that portion of the taxable year during which the
39 individual was a resident plus the individual's Maine adjusted gross income as defined in
40 section 5102, subsection 1-C, paragraph B for that portion of the taxable year during
41 which the individual was a nonresident and the denominator of which is the individual's
42 entire federal adjusted gross income, as modified by section 5122.

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SUMMARY

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This bill increases the income tax credit for child care expenses from 25% to 50% of the federal tax credit allowable for child and dependent care expenses and increases the amount that is refundable from \$500 to \$750. The increase applies to tax years beginning

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in or after 2017.