

# MAINE STATE LEGISLATURE

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# 128th MAINE LEGISLATURE

## SECOND REGULAR SESSION-2018

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Legislative Document

No. 1758

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H.P. 1211

House of Representatives, December 22, 2017

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**An Act To Strengthen Maine Families with Children by Changing  
the Income Tax Laws**

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Clerk of the House on December 20, 2017. 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 "R B. Hunt".

ROBERT B. HUNT  
Clerk

Presented by Representative FREDETTE of Newport.  
Cosponsored by Senator JACKSON of Aroostook and  
Representative: PICCHIOTTI of Fairfield.

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

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

4 **1. Resident taxpayer prior to 2018.** ~~A~~ For tax years beginning prior to January 1,  
5 2018, a resident individual is allowed a credit against the tax otherwise due under this  
6 Part in the amount of 5% of the federal earned income credit for the same taxable year,  
7 except that for tax years beginning in 2009 and 2010, the applicable percentage is 4%.

8 **2. Nonresident taxpayer prior to 2018.** ~~A~~ For tax years beginning prior to January  
9 1, 2018, a nonresident individual is allowed a credit against the tax otherwise due under  
10 this Part in the amount of 5% of the federal earned income credit for the same taxable  
11 year, except that for tax years beginning in 2009 and 2010, the applicable percentage is  
12 4%, multiplied by the ratio of the individual's Maine adjusted gross income, as defined in  
13 section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted  
14 gross income, as modified by section 5122.

15 **3. Part-year resident taxpayer prior to 2018.** ~~An~~ For tax years beginning prior to  
16 January 1, 2018, an individual who files a return as a part-year resident in accordance  
17 with section 5224-A is allowed a credit against the tax otherwise due under this Part in  
18 the amount of 5% of the federal earned income credit for the same taxable year, except  
19 that for tax years beginning in 2009 and 2010, the applicable percentage is 4%, multiplied  
20 by a ratio, the numerator of which is the individual's Maine adjusted gross income as  
21 defined in section 5102, subsection 1-C, paragraph A for that portion of the taxable year  
22 during which the individual was a resident plus the individual's Maine adjusted gross  
23 income as defined in section 5102, subsection 1-C, paragraph B for that portion of the  
24 taxable year during which the individual was a nonresident and the denominator of which  
25 is the individual's entire federal adjusted gross income, as modified by section 5122.

26 **Sec. 2. 36 MRSA §5219-S, sub-§3-A** is enacted to read:

27 **3-A. Resident, nonresident and part-year resident taxpayer beginning in 2018.**  
28 For tax years beginning on or after January 1, 2018, an individual who files a return as a  
29 resident individual or a nonresident individual or as a part-year resident in accordance  
30 with section 5224-A is allowed a credit against the tax otherwise due under this Part in  
31 the amount of 10% of the federal earned income credit for the same taxable year.

32 **Sec. 3. 36 MRSA §5219-S, sub-§4**, as amended by PL 2015, c. 328, §8, is further  
33 amended to read:

34 **4. Limitation.** The credit allowed by this section may not reduce the Maine income  
35 tax to less than zero, except that for tax years beginning on or after January 1, 2016 and  
36 before January 1, 2018, the credit allowed under subsections 1 and 3 is refundable. For  
37 tax years beginning on or after January 1, 2018, the credit allowed for an individual who  
38 files as a resident individual or part-year resident is refundable.

39 **Sec. 4. 36 MRSA §5219-RR** is enacted to read:

1 **§5219-RR. Child tax credit**

2 **1. Credit.** For tax years beginning on or after January 1, 2018, an individual who  
3 files a return as a resident individual or a nonresident individual or as a part-year resident  
4 in accordance with section 5224-A is allowed a credit against the tax otherwise due under  
5 this Part in an amount equal to the federal child tax credit claimed by that individual or  
6 part-year resident for the same taxable year.

7 **2. Limitation.** The credit allowed by this section may not reduce the Maine income  
8 tax to less than zero, except that, for an individual filing as a resident individual or as a  
9 part-year resident in accordance with section 5224-A, that portion of the federal  
10 additional child tax credit that is refundable on the individual's federal return is  
11 refundable on the individual's Maine return for the same taxable year.

12 **SUMMARY**

13 This bill, for tax years beginning in or after 2018:

14 1. Doubles the amount of the earned income tax credit a taxpayer may claim to 10%  
15 of the federal earned income credit; and

16 2. Enacts a new child tax credit to allow a taxpayer a credit in an amount equal to the  
17 federal child tax credit, which is an amount up to \$1,000 for each qualifying child the  
18 taxpayer supports during the tax year. The credit is refundable only to the extent that the  
19 federal additional child tax credit is refundable and only for individuals filing as residents  
20 or part-year residents.