

MAINE STATE LEGISLATURE

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L.D. 104

Date: 6/14/19

MINORITY

(Filing No. S-298)

TAXATION

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**STATE OF MAINE
SENATE
129TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "B" to S.P. 31, L.D. 104, Bill, "An Act To Expand the Earned Income Tax Credit in Maine"

Amend the bill in section 2 in §5219-S by striking out all of subsections 1, 2 and 3 (page 1, lines 15 to 36 in L.D.) and inserting the following:

1. Resident taxpayer. A resident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the amount of 5% ~~60%~~ of the federal earned income credit for the same taxable year for an eligible individual who does not have an eligible child and, for all other eligible individuals, 15% for tax years beginning in 2020, 18% for tax years beginning in 2021, 20% for tax years beginning in 2022 and 23% for tax years beginning in or after 2023 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%.

2. Nonresident taxpayer. A nonresident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the amount of 5% ~~60%~~ of the federal earned income credit for the same taxable year for an eligible individual who does not have an eligible child and, for all other eligible individuals, 15% for tax years beginning in 2020, 18% for tax years beginning in 2021, 20% for tax years beginning in 2022 and 23% for tax years beginning in or after 2023 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%, 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 eligible 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% ~~60%~~ of the federal earned income credit for the same taxable year for an eligible individual who does not have an eligible child and, for all other eligible individuals, 15% for tax years beginning in 2020, 18% for tax years beginning in 2021, 20% for tax years beginning in 2022 and 23% for tax years beginning on or after 2023 of the federal earned income credit for the same taxable year,

COMMITTEE AMENDMENT

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

9 Amend the bill in section 2 in §5219-S in subsection 6 in the first line (page 2, line 6
10 in L.D.) by striking out the following: "2019" and inserting the following: '2020'

11 Amend the bill by adding after section 2 the following:

12 **'Sec. 3. Application.** This Act applies to tax years beginning on or after January 1,
13 2020.

14 **Sec. 4. Appropriations and allocations.** The following appropriations and
15 allocations are made.

16 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

17 **Revenue Services, Bureau of 0002**

18 Initiative: Provides funding for one Senior Tax Examiner position and related costs to
19 process and audit income tax returns.

20	GENERAL FUND	2019-20	2020-21
21	POSITIONS - LEGISLATIVE COUNT	0.000	1.000
22	Personal Services	\$0	\$76,351
23	All Other	\$0	\$32,858
24			
25	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$109,209</u>
26			

27 **SUMMARY**

28 This amendment, which is the minority report, expands the earned income tax credit
29 by increasing the credit from 5% of the federal earned income tax credit to 60% for
30 individuals with no qualifying children and 15% of the federal earned income tax credit
31 for all other eligible individuals for tax years beginning in 2020 and increasing each year
32 until it reaches 23% for tax years beginning in 2023 and after.

33 This amendment also adds an appropriations and allocations section.

34 **FISCAL NOTE REQUIRED**

35 **(See attached)**



129th MAINE LEGISLATURE

LD 104

LR 163(03)

An Act To Expand the Earned Income Tax Credit in Maine

Fiscal Note for Bill as Amended by Committee Amendment "B" (S-298)

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$0	\$25,445,709	\$30,631,095	\$34,291,679
Appropriations/Allocations				
General Fund	\$0	\$109,209	\$107,595	\$110,679
Revenue				
General Fund	\$0	(\$25,336,500)	(\$30,523,500)	(\$34,181,000)
Other Special Revenue Funds	\$0	(\$1,333,500)	(\$1,606,500)	(\$1,799,000)

Fiscal Detail and Notes

The bill expands the earned income tax credit and would result in a reduction in General Fund revenue of \$25,336,500 in fiscal year 2020-21 and a reduction in Local Government Fund revenue of \$1,333,500 in fiscal year 2020-21. It includes a General Fund appropriation of \$109,209 in fiscal year 2020-21 for one Senior Tax Examiner position and related costs to process and audit income tax returns.

Additional costs to the Department of Labor to produce and furnish the required poster or notice can be absorbed within existing budgeted resources.