



131st MAINE LEGISLATURE

FIRST REGULAR SESSION-2023

Legislative Document

No. 1222

S.P. 503

In Senate, March 21, 2023

An Act to Expand Child Care Services Through an Employer-supported Tax Credit

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator STEWART of Aroostook.
Cosponsored by Senators: BENNETT of Oxford, President JACKSON of Aroostook,
VITELLI of Sagadahoc, Representatives: MILLETT of Waterford, TERRY of Gorham.

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

2 **Sec. 1. 36 MRSA §5217**, as amended by PL 2015, c. 267, Pt. DD, §22, is repealed.

3 **Sec. 2. 36 MRSA §5217-G** is enacted to read:

4 **§5217-G. Employer supported quality child care**

5 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
6 following terms have the following meanings.

7 A. "Employing unit" has the same meaning as in Title 26, section 1043, subsection 10.

8 B. "Providing child care services" means expending funds or providing in-kind
9 resources to build, furnish, license, staff, operate or subsidize a child care center
10 licensed by the Department of Health and Human Services to provide early care and
11 education services to children of employees of the employing unit at no profit to the
12 employing unit or to contract with a child care facility licensed by or registered with
13 the department to provide early care and education services to children of employees
14 of the employing unit. "Providing child care services" includes payments made by an
15 employing unit to an employee for purposes of paying for early care and education
16 services for children of the employee under a dependent care assistance program and
17 the provision of child care resource and referral services to employees.

18 **2. Credit allowed for quality child care expenses.** For tax years beginning on or after
19 January 1, 2024, an employing unit is allowed a refundable credit against the tax otherwise
20 due under this Part for each tax year in an amount equal to the lower of:

21 A. Fifty percent of the costs of providing child care services; or

22 B. Three thousand dollars for each child of an employee of the employing unit for
23 which the employing unit is providing child care services.

24 **3. Carry-over.** Any unused credit may be carried over to the following year or years
25 not to exceed 15 years.

26 **4. Evaluation; specific public policy objectives.** Beginning in 2028, the credit
27 provided under this section is subject to ongoing legislative review in accordance with Title
28 3, chapter 37. In developing evaluation parameters to perform the review, the Office of
29 Program Evaluation and Government Accountability shall consider whether the specific
30 public policy objectives and economic benefit of the credit provided under this section
31 outweigh the loss of revenue to the State.

32 **SUMMARY**

33 This bill repeals the law governing the employer-assisted day care income tax credit,
34 which by its own terms does not apply to tax years beginning on or after January 1, 2016.
35 The bill authorizes a refundable tax credit for an employer that pays or provides in-kind
36 resources for child care for the children of its employees. The amount of the annual credit
37 is 50% of the amount expended or \$3,000 per child, whichever is lower.