



126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 455

H.P. 305

House of Representatives, February 14, 2013

An Act To Increase the State Earned Income Credit

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative STUCKEY of Portland.
Cosponsored by Senator JACKSON of Aroostook and
Representatives: BERRY of Bowdoinham, GATTINE of Westbrook, GILBERT of Jay,
SANBORN of Gorham, Senator: President ALFOND of Cumberland.

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

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

4 **§5219-S. Earned income credit**

5 **1. Resident taxpayer.** A resident individual is allowed a credit against the tax
6 otherwise due under this Part in the amount of ~~5%~~ 50% of the federal earned income
7 credit for the same taxable year, except that for tax years beginning in 2009 and 2010, the
8 applicable percentage is 4%.

9 **2. Nonresident taxpayer.** A nonresident individual is allowed a credit against the
10 tax otherwise due under this Part in the amount of ~~5%~~ 50% of the federal earned income
11 credit for the same taxable year, except that for tax years beginning in 2009 and 2010, the
12 applicable percentage is 4%, multiplied by the ratio of the individual's Maine adjusted
13 gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's
14 entire federal adjusted gross income, as modified by section 5122.

15 **3. Part-year resident taxpayer.** An individual who files a return as a part-year
16 resident in accordance with section 5224-A is allowed a credit against the tax otherwise
17 due under this Part in the amount of ~~5%~~ 50% of the federal earned income credit for the
18 same taxable year, except that for tax years beginning in 2009 and 2010, the applicable
19 percentage is 4%, multiplied by a ratio, the numerator of which is the individual's Maine
20 adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that
21 portion of the taxable year during which the individual was a resident plus the
22 individual's Maine adjusted gross income as defined in section 5102, subsection 1-C,
23 paragraph B for that portion of the taxable year during which the individual was a
24 nonresident and the denominator of which is the individual's entire federal adjusted gross
25 income, as modified by section 5122.

26 **4. Refund.** The credit allowed by this section ~~may not reduce the Maine income tax~~
27 ~~to less than zero~~ is fully refundable.

28 **Sec. 2. Application.** This Act applies to tax years beginning on or after January 1,
29 2013.

30 **SUMMARY**

31 This bill, beginning in 2013, increases the state earned income credit from 5% to 50%
32 of the federal earned income credit and provides that the state earned income credit is
33 fully refundable.