



125th MAINE LEGISLATURE

LD 707

LR 743(01)

An Act To Increase the State Earned Income Credit

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Stuckey of Portland

Committee: Taxation

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

| | FY 2011-12 | FY 2012-13 | Projections FY 2013-14 | Projections FY 2014-15 |
|-----------------------------------|----------------|----------------|---------------------------|---------------------------|
| Net Cost (Savings) | | | | |
| General Fund | \$38,119,971 | \$38,144,101 | \$38,144,101 | \$38,144,101 |
| Appropriations/Allocations | | | | |
| General Fund | \$119,971 | \$144,101 | \$144,101 | \$144,101 |
| Revenue | | | | |
| General Fund | (\$38,000,000) | (\$38,000,000) | (\$38,000,000) | (\$38,000,000) |
| Other Special Revenue Funds | (\$2,000,000) | (\$2,000,000) | (\$2,000,000) | (\$20,000,000) |

Fiscal Detail and Notes

Increasing the state earned income tax credit from 5% of the federal earned income credit to 25% of the federal earned income credit for any given tax year and making the credit fully refundable will result in reduced revenue to the General Fund and will reduce revenue sharing commencing in fiscal year 2011-12. Changing the administration of the existing state earned income tax credit will also require a General Fund appropriation for two additional Tax Examiner positions and related administrative support.