



129th MAINE LEGISLATURE

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Legislative Document

No. 725

H.P. 530

House of Representatives, February 11, 2019

An Act To Provide an Income Tax Credit To Encourage Small Business Hiring

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative FAY of Raymond.
Cosponsored by Senator HERBIG of Waldo and
Representatives: COREY of Windham, MASTRACCIO of Sanford, McCREA of Fort
Fairfield, NADEAU of Winslow, O'CONNOR of Berwick, TERRY of Gorham.

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

2 **Sec. 1. 36 MRSA §5219-VV** is enacted to read:

3 **§5219-VV. Small business hiring incentive credit**

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

6 A. "Employment" means, for each tax year, the amount determined by adding the
7 total number of full-time employees of an employer on each of 6 consecutive
8 measurement days of that tax year chosen by the employer and then dividing that sum
9 by 6.

10 B. "Full-time" means an average of at least 32 hours weekly during the period that an
11 employee is employed.

12 C. "Measurement day" means the last business day of every other month of a tax
13 year.

14 D. "Qualified employee" means:

15 (1) A year-round, full-time employee first hired no more than 24 months prior to
16 the end of the tax year for which the credit is claimed and who was retained by
17 the employer for at least 12 consecutive months during the 24 months prior to the
18 end of the tax year; or

19 (2) A seasonal full-time employee first hired for a season beginning no more
20 than 24 months prior to the end of the tax year for which the credit is claimed and
21 who was reemployed for a 2nd season during the 24 months prior to the end of
22 the tax year.

23 **2. Credit allowed.** An employer with employment of 25 or fewer full-time
24 employees during the tax year is allowed a refundable credit equal to the amount of the
25 employer's share of federal social security tax and Medicare tax paid by the employer that
26 is attributable to the first 40 hours of employment of a qualified employee.

27 **Sec. 2. Application.** This Act applies to tax years beginning on or after January 1,
28 2020.

29 **SUMMARY**

30 This bill provides a new employee hiring incentive by means of an income tax credit
31 for employers with an average of 25 or fewer full-time employees during a tax year. The
32 credit is equal to the amount of federal social security tax and Medicare tax paid by the
33 employer for the first 40 hours of employment for new employees who are employed for
34 at least 12 consecutive months for year-round jobs or at least 2 consecutive seasons for
35 seasonal jobs.