



125th MAINE LEGISLATURE

FIRST REGULAR SESSION-2011

Legislative Document

No. 1118

H.P. 830

House of Representatives, March 15, 2011

An Act To Provide a Tax Credit for High-quality Child Care Sites

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Clerk

Presented by Representative STRANG BURGESS of Cumberland.
Cosponsored by Senator CRAVEN of Androscoggin and
Representatives: BERRY of Bowdoinham, FOSSEL of Alna, PETERSON of Rumford,
SANBORN of Gorham, STUCKEY of Portland, WEBSTER of Freeport, Senators: ALFOND
of Cumberland, COURTNEY of York.

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

2 **Sec. 1. 22 MRSA §4100, sub-§3** is enacted to read:

3 **3. Quality rating system.** The department shall establish a 4-step quality rating
4 system for child care sites within which step one includes those child care sites that meet
5 minimum licensing standards and step 4 includes those child care sites that provide the
6 highest level of quality child care services, as defined in Title 36, section 5219-Q,
7 subsection 1.

8 **Sec. 2. 36 MRSA §5218, sub-§3**, as amended by PL 2003, c. 391, §10, is further
9 amended to read:

10 **3. Quality child care services.** The credit provided by subsections 1, 2 and 2-A
11 doubles in amount increases as follows if the child care expenses were incurred through
12 the use of quality child care services as defined in section 5219-Q, subsection 1.

13 A. If child care services are provided at step 2 child care sites as rated under Title 22,
14 section 4100, subsection 3, the credit increases to 30% of the federal credit.

15 B. If child care services are provided at step 3 child care sites as rated under Title 22,
16 section 4100, subsection 3, the credit increases to 38% of the federal credit.

17 C. If child care services are provided at step 4 child care sites as rated under Title 22,
18 section 4100, subsection 3, the credit increases to 50% of the federal credit.

19 **Sec. 3. 36 MRSA §5218, sub-§4**, as amended by PL 2003, c. 391, §10, is further
20 amended to read:

21 **4. Refund.** The credit allowed by this section may result in a refund of up to \$500
22 \$1,000. In the case of a nonresident individual, the refundable portion of the credit may
23 not exceed ~~\$500~~ \$1,000 multiplied by the ratio of the individual's Maine adjusted gross
24 income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's
25 entire federal adjusted gross income, as modified by section 5122. In the case of an
26 individual who files a return as a part-year resident in accordance with section 5224-A,
27 the refundable portion of the credit may not exceed ~~\$500~~ \$1,000 multiplied by a ratio, the
28 numerator of which is the individual's Maine adjusted gross income as defined in section
29 5102, subsection 1-C, paragraph A for that portion of the taxable year during which the
30 individual was a resident plus the individual's Maine adjusted gross income as defined in
31 section 5102, subsection 1-C, paragraph B for that portion of the taxable year during
32 which the individual was a nonresident and the denominator of which is the individual's
33 entire federal adjusted gross income, as modified by section 5122.

34 **Sec. 4. 36 MRSA §5219-Q, sub-§1-A**, as amended by PL 2005, c. 618, §13, is
35 further amended to read:

36 **1-A. Certification.** Upon application by an investor, the Department of Health and
37 Human Services, Office of Child Care and Head Start shall certify if an investment in a
38 child care site contributed significantly toward the ability of the child care site to improve
39 its level of child care services toward the goal of providing quality child care services.

1 The department shall send a list of taxpayers making certified investments in the previous
2 year to the State Tax Assessor by February 1st annually. The department may not certify
3 more that \$50,000 in investments in a calendar year.

4 **Sec. 5. 36 MRSA §5219-Q, sub-§2-A** is enacted to read:

5 **2-A. Fund contribution credit allowed.** A taxpayer that has made a contribution to
6 a child care public-private partnership fund certified by the Department of Health and
7 Human Services, Office of Child Care and Head Start is allowed a credit against the tax
8 imposed by this Part in an amount equal to the qualifying portion of contributions made
9 by the taxpayer as calculated pursuant to subsection 3.

10 **Sec. 6. 36 MRSA §5219-Q, sub-§3,** as amended by PL 1999, c. 708, §47, is
11 further amended to read:

12 **3. Qualifying portion.** For purposes of calculating the credit provided by this
13 section, the qualifying portion is:

14 A. For a corporation, 30% of up to \$30,000 of the total of expenditures and
15 contributions as provided in subsections 2 and 2-A, apportioned if part of an affiliated
16 group engaged in a unitary business; and

17 B. For an individual taxpayer, if the taxpayer expends or contributes as provided in
18 subsections 2 and 2-A at least \$10,000 in one year, \$1,000 each year for 10 years and
19 \$10,000 at the end of the 10-year period.

20 **Sec. 7. Application.** This Act applies to tax years beginning on or after January 1,
21 2012.

22 **SUMMARY**

23 This bill amends the income tax credit for child and dependent care expenses to
24 provide an enhanced credit if the services are provided at a child care site rated according
25 to the level of quality by the Department of Health and Human Services. The bill also
26 expands the income tax credit for quality child care investments to include contributions
27 to a public-private partnership fund certified by the Department of Health and Human
28 Services, Office of Child Care and Head Start and caps the amount of eligible
29 investments that may be certified at \$50,000 per year.