



128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 1317

H.P. 914

House of Representatives, April 4, 2017

**An Act To Encourage Family-friendly Businesses through a Tax
Credit for Child Care**

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 HERBIG of Belfast.
Cosponsored by Senator VOLK of Cumberland and
Representatives: BICKFORD of Auburn, Speaker GIDEON of Freeport, GRANT of Gardiner,
McCREIGHT of Harpswell, Senator: LIBBY of Androscoggin.

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

2 **Sec. 1. 36 MRSA §5217, sub-§1**, as repealed and replaced by PL 1987, c. 769,
3 Pt. A, §159, is amended to read:

4 **1. Credit allowed for tax years beginning before 2016.** A taxpayer constituting an
5 employing unit is allowed a credit against the tax imposed by this Part for each taxable
6 year prior to January 1, 2016 equal to the lowest of:

7 A. Five thousand dollars;

8 B. Twenty percent of the costs incurred by the taxpayer in providing day care service
9 for children of employees of the taxpayer; ~~or~~ and

10 C. One hundred dollars for each child of an employee of the taxpayer enrolled on a
11 full-time basis, or each full-time equivalent, throughout the taxable year in day care
12 service provided by the taxpayer or in the first year that the taxpayer provides day
13 care services, for each child enrolled on a full-time basis, or each full-time
14 equivalent, on the last day of the year.

15 **Sec. 2. 36 MRSA §5217, sub-§1-A** is enacted to read:

16 **1-A. Credit allowed for tax years beginning in or after 2017.** For tax years
17 beginning on or after January 1, 2017, a taxpayer constituting an employing unit is
18 allowed a credit against the tax imposed by this Part for each taxable year equal to the
19 lesser of:

20 A. Fifty percent of the taxpayer's tax liability under this Part; and

21 B. Seventy-five percent of the costs incurred by the taxpayer in providing day care
22 services for children of employees of the taxpayer.

23 **Sec. 3. 36 MRSA §5217, sub-§4**, as amended by PL 2001, c. 396, §37, is further
24 amended to read:

25 **4. Quality child care services.** ~~The~~ For tax years beginning before January 1, 2016,
26 the credit allowed under subsection 1 doubles in amount if the day care service provided
27 by the taxpayer constitutes quality child care services.

28 **Sec. 4. 36 MRSA §5217, sub-§5**, as enacted by PL 2015, c. 267, Pt. DD, §22, is
29 amended to read:

30 **5. Application.** Except for the credit allowed with respect to the carry-over of
31 unused credit amounts pursuant to subsection 3, the credit allowed under this section does
32 not apply to tax years beginning ~~on or after January 1, in~~ in 2016.

33 **SUMMARY**

34 This bill amends the tax credit allowed for employer-assisted day care, which expired
35 at the end of 2015, except for the ability to carry forward unused credits. This bill revives
36 the credit for tax years beginning in 2017 or later but changes the amount of the credit

1 provided to an employer who provides day care services for the children of its employees,
2 either directly or through payments to a day care operated or licensed by the Department
3 of Health and Human Services. The credit is the lesser of 50% of the employer's income
4 tax liability and 75% of the costs incurred by the employer in providing day care services
5 for children of employees of the taxpayer.