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Date: (Filing No. H-)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 79, L.D. 96, Bill, “An Act To Increase the State Earned Income Credit”

Amend the bill by striking out all of section 1 and inserting the following:

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

§5219-S. Earned income credit

1. Resident taxpayer. ~~A~~ Except as provided in subsection 1-A, a resident individual is allowed a credit against the tax otherwise due under this Part in the amount of ~~5%~~ 10% of the federal earned income credit for the same taxable year, except that for tax years beginning in 2009 and 2010; the applicable percentage is 4% and for tax years beginning in 2011 but before January 1, 2015 the applicable percentage is 5%.

1-A. Taxpayer with no qualifying child. A taxpayer with no qualifying child is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the federal earned income credit for the same taxable year. The credit for a nonresident taxpayer or a part-year resident taxpayer under this subsection is prorated in the same manner as described in subsections 2 and 3.

2. Nonresident taxpayer. ~~A~~ Except as provided in subsection 1-A, a nonresident individual is allowed a credit against the tax otherwise due under this Part in the amount of ~~5%~~ 10% of the federal earned income credit for the same taxable year, except that for tax years beginning in 2009 and 2010; the applicable percentage is 4% and for tax years beginning in 2011 but before January 1, 2015 the applicable percentage is 5%, multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income, as modified by section 5122.

3. Part-year resident taxpayer. ~~An~~ Except as provided in subsection 1-A, an individual who files a return as a part-year resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part in the amount of ~~5%~~ 10% of the federal earned income credit for the same taxable year, except that for tax years

COMMITTEE AMENDMENT

1 beginning in 2009 and 2010, the applicable percentage is 4% and for tax years beginning
2 in 2011 but before January 1, 2015 the applicable percentage is 5%, multiplied by a ratio,
3 the numerator of which is the individual's Maine adjusted gross income as defined in
4 section 5102, subsection 1-C, paragraph A for that portion of the taxable year during
5 which the individual was a resident plus the individual's Maine adjusted gross income as
6 defined in section 5102, subsection 1-C, paragraph B for that portion of the taxable year
7 during which the individual was a nonresident and the denominator of which is the
8 individual's entire federal adjusted gross income, as modified by section 5122.

9 **4. Limitation.** The credit allowed by this section may not reduce the Maine income
10 tax to less than zero.'

11 **SUMMARY**

12 This amendment clarifies the timing of the bill's changes to the earned income tax
13 credit, adds an enhanced credit for taxpayers with no qualifying child that is equal to 50%
14 of the federal earned income tax credit and removes provisions of the bill making the
15 credit refundable.

16 **FISCAL NOTE REQUIRED**

17 **(See attached)**