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H.P. 524

House of Representatives, February 23, 2011

An Act To Reduce Taxes and Promote Employment

Received by the Clerk of the House on February 18, 2011. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

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

HEATHER J.R. PRIEST
Clerk

Presented by Representative FLEMINGS of Bar Harbor.
Cosponsored by Senator ALFOND of Cumberland and
Representatives: BERRY of Bowdoinham, CORNELL du HOUX of Brunswick, GOODE of
Bangor, HARLOW of Portland, HINCK of Portland, McCABE of Skowhegan, ROCHELO of
Biddeford, STUCKEY of Portland.

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

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

4 **§5219-S. Earned income credit**

5 **1. Resident taxpayer.** A resident individual is allowed a refundable credit against
6 the tax otherwise due under this Part in the amount of ~~5%~~ 10% of the federal earned
7 income credit for the same taxable year, ~~except that for tax years beginning in 2009 and~~
8 ~~2010, the applicable percentage is 4%.~~

9 **2. Nonresident taxpayer.** A nonresident individual is allowed a refundable credit
10 against the tax otherwise due under this Part in the amount of ~~5%~~ 10% of the federal
11 earned income credit for the same taxable year, ~~except that for tax years beginning in~~
12 ~~2009 and 2010, the applicable percentage is 4%~~, multiplied by the ratio of the individual's
13 Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to
14 the individual's entire federal adjusted gross income, as modified by section 5122.

15 **3. Part-year resident taxpayer.** An individual who files a return as a part-year
16 resident in accordance with section 5224-A is allowed a refundable credit against the tax
17 otherwise due under this Part in the amount of ~~5%~~ 10% of the federal earned income
18 credit for the same taxable year, ~~except that for tax years beginning in 2009 and 2010, the~~
19 ~~applicable percentage is 4%~~, multiplied by a ratio, the numerator of which is the
20 individual's Maine adjusted gross income as defined in section 5102, subsection 1-C,
21 paragraph A for that portion of the taxable year during which the individual was a
22 resident plus the individual's Maine adjusted gross income as defined in section 5102,
23 subsection 1-C, paragraph B for that portion of the taxable year during which the
24 individual was a nonresident and the denominator of which is the individual's entire
25 federal adjusted gross income, as modified by section 5122.

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

28 **Sec. 2. Application.** This Act applies to tax years beginning on or after January 1,
29 2011.

30 **SUMMARY**

31 This bill increases the state earned income tax credit from 5% to 10% of the federal
32 credit and makes it refundable.