



132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1555

H.P. 1013

House of Representatives, April 10, 2025

**An Act to Establish an Employer Tax Credit for Qualifying Child
Care Costs**

Reference to the Committee on Taxation suggested and ordered printed.

Robert B. Hunt
ROBERT B. HUNT
Clerk

Presented by Representative HASENFUS of Readfield.

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

2 **Sec. 1. 36 MRSA §5217**, as amended by PL 2015, c. 267, Pt. DD, §22, is repealed.

3 **Sec. 2. 36 MRSA §5217-G** is enacted to read:

4 **§5217-G. Employer-supported child care credit**

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

7 A. "Employing unit" has the same meaning as in Title 26, section 1043, subsection 10.

8 B. "Providing child care services" means expending funds or providing in-kind
9 resources to build, furnish, license, staff, operate or subsidize a child care center
10 licensed by the Department of Health and Human Services to provide early care and
11 education services to children of employees of the employing unit at no profit to the
12 employing unit or to contract with a child care facility licensed by or registered with
13 the department to provide early care and education services to children of employees
14 of the employing unit. "Providing child care services" includes payments made by an
15 employing unit to an employee for purposes of paying for early care and education
16 services for children of the employee under a dependent care assistance program and
17 the provision of child care resource and referral services to employees.

18 **2. Credit allowed for child care expenses.** For tax years beginning on or after January
19 1, 2026, an employing unit is allowed a refundable credit against the tax otherwise due
20 under this Part for each tax year in an amount equal to the lesser of:

21 A. Fifty percent of the costs incurred in providing child care services up to a maximum
22 of \$8,000 for each child of an employee of the employing unit for which the employing
23 unit is providing child care services; and

24 B. Eighty thousand dollars.

25 **3. Carry-over.** Any unused credit under this section may be carried over to the
26 following year or years for a period not to exceed 15 years.

27 **4. Evaluation; specific public policy objectives.** Beginning in 2030, the credit
28 provided under this section is subject to ongoing legislative review in accordance with Title
29 3, chapter 37. In developing evaluation parameters to perform the review, the Office of
30 Program Evaluation and Government Accountability, the joint legislative committee
31 established to oversee program evaluation and government accountability matters and the
32 joint standing committee of the Legislature having jurisdiction over taxation matters shall
33 consider whether the specific public policy objectives and economic benefit of the credit
34 provided under this section outweigh the loss of revenue to the State.

35 **SUMMARY**

36 This bill repeals the prior employer-assisted day care tax credit program under the
37 Maine Revised Statutes, Title 36, section 5217. It establishes a new tax credit program that
38 authorizes a refundable tax credit for an employer that pays for or provides in-kind
39 resources for child care for the children of its employees. The amount of the annual credit
40 is 50% of the amount expended up to a maximum of \$8,000 per child or a total annual
41 credit of \$80,000, whichever is lower. The credit is available for tax years beginning on or

1 after January 1, 2026. The bill also provides that the credit is subject to ongoing legislative
2 review beginning in 2030.