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Date: (Filing No. H-)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
130TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 1249, L.D. 1678, “An Act To Support Child Care Providers and School Readiness through Tax Credits”

Amend the bill in section 2 in subsection 3 in the 2nd line (page 1, line 17 in L.D.) by striking out the following: "2022" and inserting the following: '2023'

Amend the bill by striking out all of section 3 and inserting the following:

'Sec. 3. 36 MRSA §5218, sub-§5 is enacted to read:

5. Evaluation; specific public policy objectives; performance measures.
Beginning in 2026, the credit provided under subsection 3 is subject to ongoing legislative review in accordance with Title 3, chapter 37. In developing evaluation parameters to perform the review, the Office of Program Evaluation and Government Accountability shall consider whether the specific public policy objectives and economic benefit of the credit provided under subsection 3 outweigh the loss of revenue to the State.'

Amend the bill in section 4 in §5218-B in subsection 2 in the 2nd line (page 3, line 10 in L.D.) by striking out the following: "2022" and inserting the following: '2023'

Amend the bill in section 4 in §5218-B in subsection 3 in the 2nd line (page 3, line 26 in L.D.) by striking out the following: "2022" and inserting the following: '2023'

Amend the bill in section 4 in §5218-B by striking out all of subsection 6 (page 4, lines 23 to 35 in L.D.) and inserting the following:

6. Evaluation; specific public policy objectives; performance measures.
Beginning in 2026, the credit provided under this section is subject to ongoing legislative review in accordance with Title 3, chapter 37. In developing evaluation parameters to perform the review, the Office of Program Evaluation and Government Accountability shall consider whether the specific public policy objectives and economic benefit of the credit provided under this section outweigh the loss of revenue to the State.'

Amend the bill in section 5 in §5218-C in subsection 1 by striking out all of paragraph B (page 4, lines 41 to 43 and page 5, lines 1 to 6 in L.D.) and inserting the following:

COMMITTEE AMENDMENT

1 'B. "Providing child care services" means expending funds to build, furnish, license,
2 staff, operate or subsidize a child care center licensed by the Department of Health and
3 Human Services to provide early care and education services to children of employees
4 of the taxpayer at no profit to the taxpayer or to contract with a child care facility
5 licensed by or registered with the department to provide early care and education
6 services to children of the employees of the taxpayer. "Providing child care services"
7 includes payments made by an employer to an employee for purposes of paying for
8 early care and education services for children of the employee under a dependent care
9 assistance program and the provision of child care resource and referral services to
10 employees.'

11 Amend the bill in section 5 in §5218-C by striking out all of subsection 2 (page 5, lines
12 12 to 23 in L.D.) and inserting the following:

13 **'2. Credit allowed for quality child care site expenses.** For tax years beginning on
14 or after January 1, 2023, a taxpayer constituting an employing unit is allowed a credit
15 against the tax imposed by this Part for each taxable year in an amount equal to the lowest
16 of:

17 A. A percentage of the costs incurred by the taxpayer in providing child care services
18 at child care sites as follows:

19 (1) If the quality rating of the child care site is step 1, 5% of the costs of providing
20 child care services;

21 (2) If the quality rating of the child care site is step 2, 10% of the costs of providing
22 child care services;

23 (3) If the quality rating of the child care site is step 3, 15% of the costs of providing
24 child care services; or

25 (4) If the quality rating of the child care site is step 4, 20% of the costs of providing
26 child care services;

27 B. One thousand dollars for each child of an employee of the taxpayer for which the
28 taxpayer is incurring costs for child care services; and

29 C. Ten thousand dollars.'

30 Amend the bill in section 5 in §5218-C by striking out all of subsection 3 (page 5, lines
31 24 to 36 in L.D.) and inserting the following:

32 **'3. Evaluation; specific public policy objectives; performance measures.**
33 Beginning in 2026, the credit provided under this section is subject to ongoing legislative
34 review in accordance with Title 3, chapter 37. In developing evaluation parameters to
35 perform the review, the Office of Program Evaluation and Government Accountability
36 shall consider whether the specific public policy objectives and economic benefit of the
37 credit provided under this section outweigh the loss of revenue to the State.'

38 Amend the bill in section 5 in §5218-C by inserting after subsection 3 the following:

39 **'4. Carry-over.** The amount of the credit that may be used by a taxpayer for a taxable
40 year may not exceed the amount of tax otherwise due under this Part. Any unused credit
41 may be carried over to the following year or years not to exceed 15 years.'

1 Amend the bill in section 8 in subsection 9 in the 2nd line (page 6, line 12 in L.D.) by
 2 striking out the following: "2023" and inserting the following: '2024'

3 Amend the bill in section 8 in subsection 9 in the last line (page 6, line 18 in L.D.) by
 4 striking out the following: "2022" and inserting the following: '2023'

5 Amend the bill by inserting after section 8 the following:

6 '**Sec. 9. Appropriations and allocations.** The following appropriations and
 7 allocations are made.

8 **HEALTH AND HUMAN SERVICES, DEPARTMENT OF**

9 **Child Care Services 0563**

10 Initiative: Provides funding to update an existing contract to expand the credential
 11 repository to include quality standards for infants, toddlers and school-age children.

12	GENERAL FUND	2021-22	2022-23
13	All Other	\$0	\$70,000
14			
15	GENERAL FUND TOTAL	\$0	\$70,000

16 **Child Care Services 0563**

17 Initiative: Provides funding for 3 Management Analyst II positions and one Social Services
 18 Manager I position to capture data, verify provider eligibility in the child care subsidy
 19 program within the Office of Child and Family Services, determine provider eligibility
 20 based on foster care status and provide technical assistance for providers.

21	GENERAL FUND	2021-22	2022-23
22	POSITIONS - LEGISLATIVE COUNT	0.000	4.000
23	Personal Services	\$0	\$242,595
24	All Other	\$0	\$13,074
25			
26	GENERAL FUND TOTAL	\$0	\$255,669

27

28 **HEALTH AND HUMAN SERVICES,**
 29 **DEPARTMENT OF**

30	DEPARTMENT TOTALS	2021-22	2022-23
31			
32	GENERAL FUND	\$0	\$325,669
33			
34	DEPARTMENT TOTAL - ALL FUNDS	\$0	\$325,669

35

36 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
 37 number to read consecutively.

38 **SUMMARY**

39 This amendment moves dates forward by one year to reflect the carry-over of the bill
 40 to the Second Regular Session of the 130th Legislature. The amendment also changes the

1 calculation of the income tax credit for an employer that pays for the costs of quality child
2 care sites by providing that the credit is the lowest of a percentage based on the site’s quality
3 rating; \$1,000 for each child of an employee for which costs are incurred by the employer;
4 and \$10,000.

5 The amendment provides that the credit for quality child care site expenses may be
6 carried over up to 15 years and deletes language requiring an annual evaluation by the
7 Office of Program Evaluation and Government Accountability. The amendment also adds
8 an appropriations and allocations section.

9 **FISCAL NOTE REQUIRED**

10 **(See attached)**