

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act To Increase the State Earned Income Credit**

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

**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 resident individual is allowed a credit against the tax otherwise due under this Part in the amount of ~~5%~~25% 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%.

**2. Nonresident taxpayer.** A nonresident individual is allowed a credit against the tax otherwise due under this Part in the amount of ~~5%~~25% 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%, 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 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%~~25% 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%, multiplied by a ratio, the numerator of which is the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph B for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income, as modified by section 5122.

**4. Refund.** The credit allowed by this section may not reduce the Maine income tax to less than zero is fully refundable.

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

## **SUMMARY**

This bill, beginning in 2011, increases the state earned income credit from 5% to 25% of the federal earned income credit and provides that the state earned income credit is fully refundable.