

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 Provide a Tax Credit for Family Caregivers

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

Sec. 1. 36 MRSA §5219-WW is enacted to read:

§ 5219-WW. Family caregiver credit

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

A. "Activities of daily living" has the same meaning as under Title 22, section 7302, subsection 1-A.

B. "Eligible family caregiver" means an individual who:

(1) Personally provides at least 150 hours of uncompensated personal care assistance services during the taxable year to an eligible family member.

For purposes of this subparagraph, the 150-hour threshold may be met:

(a) By providing care to one or more eligible family members; or

(b) If the eligible family caregiver is an individual filing a married joint return, by combining the number of hours of uncompensated personal care assistance services provided by both spouses filing the married joint return to one or more eligible family members; and

(2) Retains a detailed record of the hours provided in compliance with subparagraph (1).

C. "Eligible family member" means an individual who:

(1) Is 18 years of age or older during the taxable year;

(2) Requires assistance with at least one activity of daily living as certified by an individual licensed as a health care provider under Title 32, chapter 31, subchapter 3 or 4; Title 32, chapter 36, subchapter 4; or Title 32, chapter 48, subchapter 2; and

(3) Is a dependent, spouse, registered domestic partner, parent, sibling or other relative by blood or marriage, including a grandparent, grandchild, stepparent, aunt, uncle, niece or nephew, of the eligible family caregiver or a registered domestic partner of the eligible family caregiver.

D. "Income" means federal adjusted gross income increased by the following amounts:

(1) Trade or business losses; capital losses; any net loss resulting from combining the income or loss from rental real estate and royalties, the income or loss from partnerships and S corporations, the income or loss from estates and trusts, the income or loss from real estate mortgage investment conduits and the net farm rental income or loss; any loss associated with the sale of business property; and farm losses included in federal adjusted gross income;

(2) Interest received to the extent not included in federal adjusted gross income;

(3) Payments received under the federal Social Security Act and railroad retirement benefits to the extent not included in federal adjusted gross income; and

(4) The following amounts deducted in arriving at federal adjusted gross income:

(a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);

(b) Certain business expenses of performing artists pursuant to the Code, Section 62(a)(2)(B);

(c) Certain business expenses of government officials pursuant to the Code, Section 62(a)(2)(C);

(d) Certain business expenses of reservists pursuant to the Code, Section 62(a)(2)(E);

(e) Health savings account deductions pursuant to the Code, Section 62(a)(16) and Section 62(a)(19);

(f) Moving expenses pursuant to the Code, Section 62(a)(15);

(g) The deductible part of self-employment tax pursuant to the Code, Section 164(f);

(h) The deduction for self-employed SEP, SIMPLE and qualified plans pursuant to the Code, Section 62(a)(6);

(i) The self-employed health insurance deduction pursuant to the Code, Section 162(l);

(j) The penalty for early withdrawal of savings pursuant to the Code, Section 62(a)(9);

(k) Alimony paid pursuant to the Code, Section 62(a)(10);

(l) The IRA deduction pursuant to the Code, Section 62(a)(7);

(m) The student loan interest deduction pursuant to the Code, Section 62(a)(17); and

(n) The tuition and fees deduction pursuant to the Code, Section 62(a)(18).

E. "Personal care assistance services" has the same meaning as under Title 22, section 7302, subsection 7.

F. "Registered domestic partner" has the same meaning as under Title 18-C, section 1-201, subsection 49.

2. Credit allowed. For tax years beginning on or after January 1, 2021, an eligible family caregiver is allowed a credit of up to \$2,000 against the taxes due under this Part, subject to the phase-out provisions of subsection 4.

3. Credit for part-year resident taxpayer. For tax years beginning on or after January 1, 2021, a taxpayer who files a return as a part-year resident in accordance with section 5224-A is allowed a credit of \$2,000, subject to the phase-out provisions under subsection 4, multiplied by a ratio, the numerator of which is the individual's income as modified by section 5122 for that portion of the taxable year during which the individual was a resident plus the individual's income from sources within this State, as determined under section 5142, for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire income, as modified by section 5122.

4. Phase-out of credit. The credit allowed under this section is phased out as follows.

A. For single individuals, the credit is reduced by \$40 for every \$500 or portion thereof that exceeds \$50,000 of the income.

B. For unmarried individuals or legally separated individuals who qualify as heads of households, the credit is reduced by \$40 for every \$750 or portion thereof that exceeds \$75,000 of the income.

C. For individuals filing married joint returns or surviving spouses permitted to file joint returns, the credit is reduced by \$40 for every \$1,000 or portion thereof that exceeds \$100,000 of the income.

5. Refundability of credit. The tax credit allowed under this section is refundable.

SUMMARY

This bill provides, beginning in 2021, a refundable income tax credit of up to \$2,000 to a taxpayer who personally provides at least 150 hours per year of personal care assistance services for the care and support of an eligible family member 18 years of age or older.

The 150-hour annual threshold may be met by providing care to one or more eligible family members or, if the taxpayer is married filing a joint return, by combining the hours of both taxpayers providing care to one or more eligible family members. The credit is subject to reduction based on the income and length of Maine residency of the individual.

An eligible family member must require assistance with at least one activity of daily living, as certified by a qualified licensed health care practitioner, and qualify as a dependent of, spouse of, registered domestic partner of, parent of or other relative by blood or marriage of the eligible family caregiver or a registered domestic partner of the eligible family caregiver.