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Legislative Document

No. 104

S.P. 31

In Senate, January 15, 2019

An Act To Expand the Earned Income Tax Credit in Maine

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator VITELLI of Sagadahoc.
Cosponsored by Representative TEPLER of Topsham and
Senators: BREEN of Cumberland, CHIPMAN of Cumberland, LIBBY of Androscoggin,
SANBORN, H. of Cumberland, Representatives: EVANGELOS of Friendship, PLUECKER of
Warren, STEWART of Presque Isle.

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

2 **Sec. 1. 26 MRSA §42-C** is enacted to read:

3 **§42-C. Notification regarding earned income tax credit eligibility**

4 **1. Bureau to provide poster or notice.** The bureau shall produce and furnish to
5 employers posters or notices in printed form that state that an employee may be eligible
6 for federal and state earned income tax credits and that the employee may apply for the
7 tax credits on the employee's income tax returns.

8 **2. Employer to post notice.** An employer shall post and keep posted in a place
9 accessible to the employer's employees a copy of the printed poster or notice furnished by
10 the bureau. An employer who violates this section is subject to the same penalties set
11 forth in section 42-B, subsection 3.

12 **Sec. 2. 36 MRSA §5219-S**, as amended by PL 2015, c. 328, §8, is further
13 amended to read:

14 **§5219-S. Earned income credit**

15 **1. Resident taxpayer.** A resident individual who is an eligible individual is allowed
16 a credit against the tax otherwise due under this Part in the amount of ~~5%~~ 15% of the
17 federal earned income credit for the same taxable year, except that for tax years
18 beginning in 2009 and 2010, the applicable percentage is 4%.

19 **2. Nonresident taxpayer.** A nonresident individual who is an eligible individual is
20 allowed a credit against the tax otherwise due under this Part in the amount of ~~5%~~ 15% of
21 the federal earned income credit for the same taxable year, except that for tax years
22 beginning in 2009 and 2010, the applicable percentage is 4%, multiplied by the ratio of
23 the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C,
24 paragraph B, to the individual's entire federal adjusted gross income, as modified by
25 section 5122.

26 **3. Part-year resident taxpayer.** An eligible individual who files a return as a part-
27 year resident in accordance with section 5224-A is allowed a credit against the tax
28 otherwise due under this Part in the amount of ~~5%~~ 15% of the federal earned income
29 credit for the same taxable year, except that for tax years beginning in 2009 and 2010, the
30 applicable percentage is 4%, multiplied by a ratio, the numerator of which is the
31 individual's Maine adjusted gross income as defined in section 5102, subsection 1-C,
32 paragraph A for that portion of the taxable year during which the individual was a
33 resident plus the individual's Maine adjusted gross income as defined in section 5102,
34 subsection 1-C, paragraph B for that portion of the taxable year during which the
35 individual was a nonresident and the denominator of which is the individual's entire
36 federal adjusted gross income, as modified by section 5122.

37 **4. Limitation.** The credit allowed by this section may not reduce the Maine income
38 tax to less than zero, except that for tax years beginning on or after January 1, 2016, the
39 credit allowed under subsections 1 and 3 is refundable.

