

To: Joint Committee on Taxation

From: Marianne Hill, Ph.D.

Date: Tuesday, April 8, 2025

Re: Testimony in Support of LD 1294
An Act to Expand the Dependent Exemption Tax Credit

Senate Chair Nicole Grohoski, Representative Chair Kristen Cloutier, and members of the Joint Committee on Taxation: I am testifying in support of LD 1294. This bill would increase the dependent child tax credit to \$600 per child under six for all but the highest income families.

Given the high cost of child care, current and expected cuts in subsidies and rising prices, this tax break is much needed by families with young children. Child care here typically costs between \$15 and \$18 per hour at licensed centers, which is close to the hourly earnings of many parents. Both parents work in most two-parent families with children under the age of six, and most single parents with pre-school age children also work. Even \$600 per child can make a difference to such families. In light of the current budget squeeze, however, the proposed limit ceilings could be lowered.

I urge you, then, to vote "ought to pass" on LD 1294 in light of the growing financial hardship that most families with young children now face. An amendment lowering the income limit would make sense in light of the expected budget shortfall.

Sincerely,

Marianne Hill, Ph.D.
South Portland, ME 04106

Marianne Hill
South Portland
LD 1294

I support LD1294, although the upper income limits could be lowered in light of the current budget squeeze.

Marianne Hill, economist