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An Act Regarding the State Earned Income Tax Credit

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

Sec. 1. 36 MRSA §5219-S, as repealed and replaced by PL 2007, c. 693, §31, is amended to read: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.

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

§5219-S. Credit for consumption of wood processing residue

(As enacted by PL1999, c. 755, §1 is REALLOCATED TO TITLE 36, SECTION 5219-T)

SUMMARY

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