

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 Reduce Taxes and Promote Employment

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 refundable credit against the tax otherwise due under this Part in the amount of ~~5%~~10% 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 refundable credit against the tax otherwise due under this Part in the amount of ~~5%~~10% 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 1C, 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 5224A is allowed a refundable credit against the tax otherwise due under this Part in the amount of ~~5%~~10% 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 1C, 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 1C, 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.

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

(As enacted by PL 1999, c. 755, §1 is REALLOCATED TO TITLE 36, SECTION 5219-T)

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

SUMMARY

This bill increases the state earned income tax credit from 5% to 10% of the federal credit and makes it refundable.