

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: March 20, 2013
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst *aq*
Re: Final Amendment Review – LD 455

An amendment and fiscal note are attached for your review.

L.D. 455, An Act To Increase the State Earned Income Credit

- The Committee voted on March 11th and had a divided report of OTPA/ONTP.
- The amendment changes the proposal for increasing the EITC to 10% of the federal credit rather than 50% as in the original bill and adds an appropriations section for administrative cost.
- As in the original bill, the credit is fully refundable.
- A fiscal note is required.

Please let me know if you have any questions or concerns about this amendment.

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Date:

(Filing No. H-)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
126TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT " " to H.P. 305, L.D. 455, Bill, "An Act To Increase the State Earned Income Credit"

Amend the bill in section 1 in §5219-S in subsection 1 in the 2nd line (page 1, line 6 in L.D.) by striking out the following: "50%" and inserting the following: '10%'

Amend the bill in section 1 in §5219-S in subsection 2 in the 2nd line (page 1, line 10 in L.D.) by striking out the following: "50%" and inserting the following: '10%'

Amend the bill in section 1 in §5219-S in subsection 3 in the 3rd line (page 1, line 17 in L.D.) by striking out the following: "50%" and inserting the following: '10%'

Amend the bill by adding after section 2 the following:

'Sec. 3. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF
Revenue Services, Bureau of 0002**

Initiative: Provides annual General Fund appropriations to the Bureau of Revenue Services for 2 Tax Examiner positions beginning January 1, 2014 and related administrative support.

GENERAL FUND	2013-14	2014-15
Personal Services	\$60,820	\$129,310
All Other	\$60,471	\$18,248
GENERAL FUND TOTAL	\$121,291	\$147,558

COMMITTEE AMENDMENT

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SUMMARY

This amendment changes the increase in the state earned income credit to 10% of the federal earned income credit. The bill changed it from 5% to 50%. The amendment retains the provision that the state earned income credit is fully refundable. The amendment also adds an appropriations and allocations section.

FISCAL NOTE REQUIRED

(See attached)



126th MAINE LEGISLATURE

LD 455

LR 1059(02)

An Act To Increase the State Earned Income Credit

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
Net Cost (Savings)				
General Fund	\$16,245,641	\$17,115,508	\$16,991,137	\$17,368,482
Appropriations/Allocations				
General Fund	\$121,291	\$147,558	\$151,437	\$155,432
Revenue				
General Fund	(\$16,124,350)	(\$16,967,950)	(\$16,839,700)	(\$17,213,050)
Other Special Revenue Funds	(\$848,650)	(\$893,050)	(\$886,300)	(\$905,950)

Fiscal Detail and Notes

General Fund revenue and Municipal Revenue Sharing are reduced by increasing the state earned income credit from 5% to 10% of the federal earned income credit for tax years beginning on or after January 1, 2013. This bill includes an ongoing General Fund appropriation for two additional Tax Examiner positions beginning January 1, 2014 and related administrative support.

Sec. Appropriations and allocations.

The following appropriations and allocations are made.

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**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF
DEPARTMENT TOTALS**

	2013-14	2014-15
GENERAL FUND	\$121,291	\$147,558
DEPARTMENT TOTAL - ALL FUNDS	\$121,291	\$147,558