Maine

**Credit Name:** Child Care Credit

**Type of Provision:** Refundable Tax Credit (except for nonresidents)

**Calculation:** 25 percent of the federal Child and Dependent Care Tax Credit (CDCTC) received for child care expenses; the credit doubles if the child care expenses were for quality child care services

**Maximum Value:**
- One Child/Dependent: $525 (up to $500 refundable)
- Two or More Children/Dependents: $1,050 (up to $500 refundable)

**Income Cutoff:** none

**Family Illustrations:**

A woman who has an income of $30,000, is raising an infant on her own, and pays $9,224 in child care expenses for a Family Child Care (FCC) home that has a quality certificate could receive a maximum credit of $405.

A married couple with both parents employed full-time in low-wage jobs (paying $11.50/hour) that has an income of $47,840, has an infant and a four-year-old, and pays $17,319 in child care expenses for a FCC home that has a quality certificate could receive a maximum credit of $600, depending on their tax liability.

*Access the methodology for these calculations here.

While there are numerous options to improve this provision, impactful changes would include:

- Allowing families to claim the state credit regardless of whether the family had enough federal tax liability to receive the full amount of the federal credit (or to receive the credit at all). This will give more low-income families access to this tax credit, and potentially increase the credit amount.
- Increasing the percentage of the federal credit used to calculate the state credit to increase the maximum value of the credit and provide more help to families.

---

1 This means that the state credit is based on the nonrefundable federal credit after it has been reduced by federal tax liability. Because low- and moderate-income families have lower tax liability, they may not receive the full value of their federal credit (or any credit at all). As a result, the value of their state credit may be limited.
Credit Name: Adult Dependent Care Credit

Type of Provision: Refundable Tax Credit

Calculation: A percentage, based on federal AGI, of dependent care expenses not claimed for the federal CDCTC, up to $3,000 for one dependent and $6,000 for two or more dependents

<table>
<thead>
<tr>
<th>Sample Household Federal AGI Ranges*</th>
<th>Percentage of Expenses</th>
<th>Maximum Value: 1 Dependent</th>
<th>Maximum Value: 2+ Dependents</th>
</tr>
</thead>
<tbody>
<tr>
<td>$15,000 or less</td>
<td>8.75%</td>
<td>$263</td>
<td>$525**</td>
</tr>
<tr>
<td>$19,001 - $21,000</td>
<td>8.00%</td>
<td>$240</td>
<td>$480</td>
</tr>
<tr>
<td>$25,001 - $27,000</td>
<td>7.25%</td>
<td>$218</td>
<td>$435</td>
</tr>
<tr>
<td>$29,001 - $31,000</td>
<td>6.75%</td>
<td>$203</td>
<td>$405</td>
</tr>
<tr>
<td>$35,001 - $37,000</td>
<td>6.00%</td>
<td>$180</td>
<td>$360</td>
</tr>
<tr>
<td>$39,001 - $41,000</td>
<td>5.50%</td>
<td>$165</td>
<td>$330</td>
</tr>
<tr>
<td>Over $43,000</td>
<td>5.00%</td>
<td>$150</td>
<td>$300</td>
</tr>
</tbody>
</table>

* See https://www.maine.gov/revenue/forms/credits/2017/17_adult%20dep%20care%20credit%20wksht.pdf for the full ranges.
**The maximum refundable credit is $500, so out of the maximum $525 credit, $500 would be refundable and $25 would be nonrefundable.

Maximum Value:
- One Child/Dependent: $263
- Two or More Children/Dependents: $525 (up to $500 refundable)

Income Cutoff: none

1 "Household AGI" refers to the AGI of the tax filing unit, regardless of whether the unit is a married couple or a single tax filer.
**Family Illustration:**

A married couple with both parents employed full-time in low-wage jobs (paying $11.50/hour), an income of $47,840, a dependent in full-day, adult dependent care, and $28,095 in adult day care expenses could receive a maximum credit of $150.

While there are numerous options to improve this provision, impactful changes would include:

Increasing the percentage of expenses used to calculate the credit in order to increase the maximum value of the credit and provide more help to families.

---

2 The family illustrations for dependent care differ slightly from the illustrations for child care. A married couple with a federal AGI of $47,840 would be unlikely to afford the median cost of full-day, adult dependent care for two dependents in many states. The median cost of care for two dependents in adult day health care exceeds $47,840 in 9 states. Genworth, Cost of Care Survey 2018: Median Cost Data Tables 2-3 (Oct. 9, 2018), available at https://pro.genworth.com/riiproweb/productinfo/pdf/282102.pdf. Therefore, the dependent care illustrations only include one dependent for the married couple illustration. In addition, the median cost of adult day health care in Maine for one adult dependent is $28,095, which is too close to the $30,000 gross income in the woman raising an adult dependent on her own illustration to realistically be able to afford. Consequently, there is only an illustration for a married couple for this credit.

3 This is the median cost of adult day health care in Maine. Id. at 2.