

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2001

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Legislative Document

No. 32

S.P. 16

In Senate, January 9, 2001

**An Act to Exempt Income Derived from National Guard Service from  
the State Income Tax.**

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator MCALEVEY of York.  
Cosponsored by Representative TUTTLE of Sanford and  
Representatives: LABRECQUE of Gorham, MAYO of Bath, SULLIVAN of Biddeford,  
TARAZEWICH of Waterboro, USHER of Westbrook.

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

4 **Sec. 1. 36 MRSA §5122, sub-§2, ¶M,** as enacted by PL 1999, c.  
708, §36 and c. 731, Pt. S, §3 and affected by §4, is repealed  
6 and the following enacted in its place:

8 M. An amount, for each recipient of benefits under an  
employee retirement plan, that is the lesser of:

10 (1) Six thousand dollars reduced by the total amount  
12 of social security benefits and railroad retirement  
14 benefits paid by the United States, but not less than  
\$0; or

16 (2) The aggregate of benefits received under employee  
18 retirement plans and included in federal adjusted gross  
20 income. For purposes of this paragraph, "employee  
22 retirement plan" means a state, federal or military  
24 retirement plan or any other retirement benefit plan  
26 established and maintained by an employer for the  
28 benefit of its employees under Section 401(a), Section  
30 403 or Section 457(b) of the Code. "Employee  
32 retirement plan" does not include an individual  
34 retirement account under Section 408 of the Code, a  
36 Roth IRA under Section 408A of the Code, a rollover  
38 individual retirement account, a simplified employee  
40 pension under Section 408(k) of the Code or an  
42 ineligible deferred compensation plan under Section  
44 457(f) of the Code;

32 **Sec. 2. 36 MRSA §5122, sub-§2, ¶¶N and O** are enacted to read:

34 N. Interest or dividends on obligations or securities of  
36 this State and its political subdivisions and authorities to  
38 the extent included in federal adjusted gross income; and

40 O. For income tax years beginning on or after January 1,  
42 2002, an amount equal to all income earned by the taxpayer  
44 for active duty in a national guard component of the Armed  
46 Forces of the United States.

44 **SUMMARY**

46 This bill exempts from the state income tax all income  
48 earned by a Maine resident for active duty in a national guard  
50 unit of the Armed Forces of the United States. It also corrects  
a lettering conflict created by Public Law 1999, chapters 708 and  
731, which enacted 2 substantively different provisions with the  
same paragraph letter.