

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2001

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Legislative Document

No. 53

H.P. 44

House of Representatives, January 9, 2001

**An Act to Exempt Full-time Military Personnel from the State Income Tax.**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*

MILLICENT M. MacFARLAND, Clerk

Presented by Representative CLARK of Millinocket.  
Cosponsored by Senator DAVIS of Piscataquis and  
Representatives: BERRY of Belmont, BUNKER of Kossuth Township, CARR of Lincoln,  
DUNCAN of Presque Isle, DUNLAP of Old Town, GOODWIN of Pembroke, WHEELER of  
Bridgewater.

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 S, §3 and affected by §4, is repealed  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  
benefits paid by the United States, but not less than  
14 \$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 the amount of military pay received  
44 by full-time military personnel, to the extent included in  
46 federal adjusted gross income.

44 **SUMMARY**

46 This bill exempts military pay received by full-time  
48 military personnel from the income tax. 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.