

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 681

H.P. 498

House of Representatives, February 14, 2003

An Act To Amend the Law Pertaining to Tax Exemptions for Public and Private Pensions

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative DAVIS of Falmouth.
Cosponsored by Senator STANLEY of Penobscot and
Representatives: BERRY of Belmont, CARR of Lincoln, CHURCHILL of Washburn,
FLETCHER of Winslow, GOODWIN of Pembroke, RICHARDSON of Greenville, SNOWE-
MELLO of Poland, TREADWELL of Carmel.

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

4 **Sec. 1. 36 MRSA §5122, sub-§2, ¶M,** as amended by PL 2001, c.
396, §34 and affected by §50, is further amended to read:

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

8 (1) Six thousand dollars reduced by the total amount
10 of the primary recipient's social security benefits and
12 railroad retirement benefits paid by the United States,
but not less than \$0. The reduction does not apply to
14 benefits paid under a military retirement plan or under
the Maine State Retirement System; or

16 (2) The aggregate of benefits received by the primary
recipient under employee retirement plans and included
18 in federal adjusted gross income.

20 For purposes of this paragraph, "employee retirement plan"
means a state, federal or military retirement plan or any
22 other retirement benefit plan established and maintained by
an employer for the benefit of its employees under Section
24 401(a), Section 403 or Section 457(b) of the Code.
"Employee retirement plan" does not include an individual
26 retirement account under Section 408 of the Code, a Roth IRA
under Section 408A of the Code, a rollover individual
28 retirement account, a simplified employee pension under
Section 408(k) of the Code or an ineligible deferred
30 compensation plan under Section 457(f) of the Code. For
purposes of this paragraph, "military retirement plan" means
32 benefits received as a result of service in the active or
reserve components of the Army, Navy, Air Force, Marines or
34 Coast Guard;

36 **Sec. 2. Application.** This Act applies to tax years beginning
on or after January 1, 2004.

38
40 **SUMMARY**

42 Current law exempts from the state income tax the first
\$6,000 of income received from certain public, private and
44 military pensions; this amount is reduced by the total amount of
social security and railroad benefits received, except for
46 military pensions.

48 This bill exempts from the social security benefit offset
benefits received under the Maine State Retirement System.

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