

# MAINE STATE LEGISLATURE

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# 124th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2009

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Legislative Document

No. 197

H.P. 162

House of Representatives, January 21, 2009

**An Act To Provide Tax Relief to Workers Who Lose Their Jobs Due  
to Business Closure**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative KNIGHT of Livermore Falls.  
Cosponsored by Senator PERRY of Penobscot and  
Representatives: CLARK of Millinocket, GILBERT of Jay, INNES of Yarmouth, JONES of  
Mount Vernon, LANGLEY of Ellsworth, SHAW of Standish.

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

2 **Sec. 1. 36 MRSA §5122, sub-§2, ¶AA**, as corrected by RR 2007, c. 2, §23, is  
3 amended to read:

4 AA. For taxable years beginning on or after January 1, 2009, an amount equal to the  
5 net decrease in the depreciation deductions allowable under sections 167 and 168 of  
6 the Code that would have been applicable to that property had the 50% bonus  
7 depreciation deduction under Section 103 of the Economic Stimulus Act of 2008,  
8 Public Law 110-185 not been claimed with respect to such property for which an  
9 addition was required under subsection 1, paragraph AA in a prior year.

10 Upon the taxable disposition of property to which this paragraph applies, the amount  
11 of any gain or loss includable in federal adjusted gross income must be adjusted for  
12 Maine income tax purposes by an amount equal to the difference between the  
13 addition modification for such property under subsection 1, paragraph AA and the  
14 subtraction modifications allowed pursuant to this paragraph.

15 The total amount of subtraction claimed for property under this paragraph for all tax  
16 years may not exceed the addition modification under subsection 1, paragraph AA for  
17 the same property; ~~and~~

18 **Sec. 2. 36 MRSA §5122, sub-§2, ¶BB**, as reallocated by RR 2007, c. 2, §24, is  
19 amended to read:

20 BB. The amount of pension benefits to the extent included in federal adjusted gross  
21 income under a military retirement plan as defined in paragraph M that exceed the  
22 amount of military retirement plan pension benefits deducted under paragraph M and  
23 that are received by a person who practices as a licensed dentist in this State for an  
24 average of at least 20 hours per week during the tax year and who accepts patients  
25 who receive benefits under the MaineCare program administered under Title 22,  
26 chapter 855-; and

27 **Sec. 3. 36 MRSA §5122, sub-§2, ¶CC** is enacted to read:

28 CC. For income tax years beginning on or after January 1, 2009, the amount of  
29 severance pay to the extent includable in federal adjusted gross income received due  
30 to the loss of employment by a covered establishment that terminates operations in  
31 this State. As used in this paragraph, "covered establishment" means any industrial  
32 or commercial facility or part thereof that employs or has employed at any time in the  
33 preceding 12-month period 100 or more persons. As used in this paragraph,  
34 "terminates" means to substantially cease industrial or commercial operations in a  
35 covered establishment.

36 **Sec. 4. Application.** This Act applies to tax years beginning on or after January 1;  
37 2009.

**SUMMARY**

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This bill exempts severance benefits from Maine income tax if those benefits are received from a commercial or industrial establishment located in the State that employs or has employed at any time in the preceding 12-month period 100 or more persons and terminates operations in the State.