

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 366

S.P. 158

In Senate, February 3, 2025

An Act to Ensure Consistency of Income Tax Deductions for Retired Members of the Uniformed Services

Received by the Secretary of the Senate on January 30, 2025. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator FARRIN of Somerset.

Cosponsored by Senators: President DAUGHTRY of Cumberland, HICKMAN of Kennebec, STEWART of Aroostook, TIMBERLAKE of Androscoggin, Representatives: FREDETTE of Newport, PARRY of Arundel, WADSWORTH of Hiram, ZAGER of Portland.

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

2 **Sec. 1. 36 MRSA §5122, sub-§2, ¶M,** as amended by PL 2017, c. 170, Pt. H, §1,
3 is further amended by amending the first blocked paragraph to read:

4 For purposes of this paragraph, the following terms have the following meanings.
5 "Primary recipient" means the individual upon whose earnings the employee retirement
6 plan benefits are based or the surviving spouse of that individual. "Pension benefits"
7 means employee retirement plan benefits reported as pension or annuity income for
8 federal income tax purposes. "Employee retirement plan" means a state, federal or
9 military retirement plan or any other retirement benefit plan established and maintained
10 by an employer for the benefit of its employees under the Code, Section 401(a), Section
11 403 or Section 457(b), except that distributions made pursuant to a Section 457(b) plan
12 are not eligible for the deduction provided by this paragraph if they are made prior to
13 age 55 years of age and are not part of a series of substantially equal periodic payments
14 made for the life of the primary recipient or the joint lives of the primary recipient and
15 that recipient's designated beneficiary. "Employee retirement plan" does not include
16 an individual retirement account under Section 408 of the Code, a Roth IRA under
17 Section 408A of the Code, a rollover individual retirement account, a simplified
18 employee pension under Section 408(k) of the Code or an ineligible deferred
19 compensation plan under Section 457(f) of the Code. Pension benefits under an
20 employee retirement plan do not include distributions that are subject to the tax
21 imposed by the Code, Section 72(t). "Military retirement plan" means benefits
22 received as a result of service in the active or reserve components of the United States
23 Army, Navy, Air Force, Marines ~~or~~, Coast Guard or Space Force; United States
24 Department of Commerce, National Oceanic and Atmospheric Administration; or
25 United States Public Health Service.

26 **Sec. 2. 36 MRSA §5122, sub-§2, ¶M-2,** as amended by PL 2023, c. 523, Pt. B,
27 §1, is further amended by amending subparagraph (2), division (c) to read:

28 (c) "Military retirement plan" means retirement plan benefits received as a
29 result of service in the active or reserve components of the United States Army,
30 Navy, Air Force, Marines, Coast Guard or Space Force; United States
31 Department of Commerce, National Oceanic and Atmospheric
32 Administration; or United States Public Health Service.

33 **SUMMARY**

34 This bill includes benefits received as a result of service in the active or reserve
35 components of the Space Force, the United States Department of Commerce, National
36 Oceanic and Atmospheric Administration or the United States Public Health Service in the
37 definition of "military retirement plan" for purposes of the pension benefit deduction in the
38 income tax laws.