

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1359

H. P. 1105

House of Representatives, March 20, 1979

On Motion of Mrs. Post of Owl's Head, referred to the Committee on Taxation.
Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mrs. Locke of Sebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT to Exempt Maine State Retirement Pensions from the State Income Tax.

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

36 MRSA § 5122, sub-§ 2, as repealed and replaced by PL 1977, c. 686, § 9, is repealed and the following enacted in its place:

2. Subtractions. Federal adjusted gross income shall be reduce by:

A. For tax years beginning on or after January 1, 1977:

(1) Interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent includable in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States, provided that the amount subtracted shall be decreased by any expenses incurred in the production of the interest or dividend income to the extent that theses expenses, including amortizable bond premiums, are deductible in determining federal adjusted gross income; and

(2) An amount eqaul to the taxpayer's federal new jobs credit as determined under the laws of the United States; and

B. For tax years beginning on or after January 1, 1980, an amount equal to the taxpayer's service retirement allowance from the Maine State Retirement System as follows:

- (1) An amount not to exceed \$6,000 if filing as single head-of-household or married filing separately; or**
- (2) An amount not to exceed \$9,000 if married filing a joint return.**

STATEMENT OF FACT

This bill allows a limited exemption from the Maine state income tax of service retirement allowances received from the Maine State Retirement System. Taxpayers filing an individual return may exempt \$6,000 of Maine retirement allowance. Taxpayers filing joint returns may exempt \$9,000.