

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1455

H. P. 1170

House of Representatives, March 23, 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 Military Retirement Benefits 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36 MRSA § 5122, sub-§ 2, as repealed and replaced by PL 1977, c. 686, § 9, is repealed and the following enacted in its place: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 reduced 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 of dividend income to the extent that these expenses, including amortizable bond premiums, are deductible in determining federal adjusted gross income; and

(2) An amount equal 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 military retirement allowance as follows:

- (1) For those taxpayers under age 55, an amount not to exceed \$2,000; and
- (2) For those taxpayers over age 55, an amount not to exceed:
 - (a) For the tax year beginning January 1, 1979, \$3,000;
 - (b) For the tax year beginning January 1, 1980, \$6,000;
 - (c) For the tax year beginning January 1, 1981, \$9,000;
 - (d) For the tax year beginning January 1, 1982, \$12,000; and
 - (e) For the tax year beginning January 1, 1983, and subsequent years, \$15,000.

In the event more than one taxpayer included on a return has military retirement benefits, the total claimed on any return cannot exceed the amounts specified in this subsection.

STATEMENT OF FACT

This bill allows a limited exemption from the Maine state income tax of military retirement allowances. Taxpayers under age 55 may exempt \$2,000 of their military retirement allowance. Taxpayers over age 55 may exempt an amount which increases from \$3,000 in 1979 to \$15,000 in 1983.