115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1990

Legislative Document **No. 32**

H.P. 29 House of Representatives, December 10, 1990

Reference to the Committee on Taxation suggested and ordered printed.

Ed Pert

EDWIN H. PERT, Clerk

Presented by Speaker MARTIN of Eagle Lake.
Cosponsored by Representative NADEAU of Saco, Senator PEARSON of Penobscot and Representative CASHMAN of Old Town.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

An Act to Exclude Public Pension Payments for People 62 Years of Age or Older from Taxation.

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

Sec. 1. 36 MRSA §5122, sub-§2, ¶¶G and H, as enacted by PL 1989, c. 880, Pt. G, §4, are amended to read:

G. For income tax years commencing on or after January 1, 1989, an amount equal to the total premiums spent for insurance policies for long-term care which have been certified by the Superintendent of Insurance as complying with Title 24-A, chapter 68; ~~and~~

H. For each taxable year subsequent to the year of the loss an amount equal to the absolute value of any net operating loss arising from tax years beginning on or after January 1, 1989, but before January 1, 1990, for which federal adjusted gross income was increased in accordance with subsection 1, paragraph H and that pursuant to the United States Internal Revenue Code, Section 172, was carried back for federal income tax purposes, but only to the extent that:

(1) Maine net income is not reduced below zero;

(2) The taxable year is within the allowable federal period for carry-over; and

(3) The amount has not been previously used as a modification pursuant to this subsection~~.~~; and

Sec. 2. 36 MRSA §5122, sub-§2, ¶I is enacted to read:

I. Payments from a pension fund operated by State Government or Federal Government to the taxpayer who is 62 years of age or older when contributions to that fund have been in lieu of contributions made under the federal Social Security Act.

STATEMENT OF FACT

Currently, persons who are members of the state pension systems pay state income tax on their contribution to their retirement program. They do not pay on the State's contribution. When they receive their retirement payments they are not taxed on the portion that represents their contribution, but are taxed on the portion that represents the State's contribution.

This bill exempts state and federal pensioners from paying income tax on any portion of the pension that they receive which is attributable to contributions made in lieu of social security.