

# 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)



# 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.

A handwritten signature in cursive script that reads "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

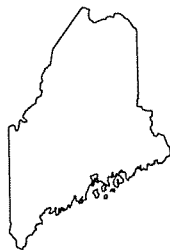
---

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:

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

6 G. For income tax years commencing on or after January 1,  
7 1989, an amount equal to the total premiums spent for  
8 insurance policies for long-term care which have been  
9 certified by the Superintendent of Insurance as complying  
10 with Title 24-A, chapter 68; and

12 H. For each taxable year subsequent to the year of the loss  
13 an amount equal to the absolute value of any net operating  
14 loss arising from tax years beginning on or after January 1,  
15 1989, but before January 1, 1990, for which federal adjusted  
16 gross income was increased in accordance with subsection 1,  
17 paragraph H and that pursuant to the United States Internal  
18 Revenue Code, Section 172, was carried back for federal  
19 income tax purposes, but only to the extent that:

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

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

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

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

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

36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
**STATEMENT OF FACT**

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

49 This bill exempts state and federal pensioners from paying  
50 income tax on any portion of the pension that they receive which  
51 is attributable to contributions made in lieu of social security.  
52