

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

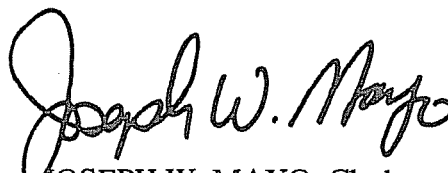
No. 1278

H.P. 949

House of Representatives, April 15, 1993

An Act to Adjust the Taxation of Public Pensions and Social Security Benefits.

Reference to the Committee on Taxation suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative NADEAU of Saco.
Cosponsored by Representatives: CARROLL of Gray, CATHCART of Orono, DORE of Auburn, GWADOSKY of Fairfield, PARADIS of Augusta.

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

2
4 Sec. 1. 36 MRSA §5122, sub-§2, ¶C, as repealed and replaced by PL 1989, c. 556, Pt. B, §7, is amended to read:

6 C. ~~Social security benefits and railroad~~ Railroad retirement benefits paid by the United States, to the extent
8 included in federal adjusted gross income;

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

12 G. For income tax years commencing on or after January 1,
14 1989, an amount equal to the total premiums spent for
16 insurance policies for long-term care which that have been
18 certified by the Superintendent of Insurance as complying
with Title 24-A, chapter 68; and

20 Sec. 3. 36 MRSA §5122, sub-§2, ¶H, as amended by PL 1991, c. 591, Pt. N, §7 and affected by §8, is further amended to read:

22 H. For each taxable year subsequent to the year of the
24 loss, an amount equal to the absolute value of any net
operating loss arising from tax years beginning on or after
26 January 1, 1989, but before January 1, 1993, for which
federal adjusted gross income was increased in accordance
28 with subsection 1, paragraph H and that pursuant to the
United States Internal Revenue Code, Section 172 was carried
30 back for federal income tax purposes, but only to the extent
that:

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

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

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

40 Sec. 4. 36 MRSA §5122, sub-§2, ¶I is enacted to read:

42 I. Forty percent of any state and federal retirement
44 pension benefits, to the extent included in federal adjusted
gross income.

46
48
48 STATEMENT OF FACT

50 This bill provides similar tax treatment to recipients of
state and federal retirement pensions to that provided to social

2 security recipients. Rather than all pension payments being
taxable while all social security payments are exempt, the bill
4 taxes social security benefits at the state level in the same way
that they are taxed at the federal level and uses the proceeds to
6 exempt a portion of state and federal pensions received in lieu
of social security.