

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)



117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

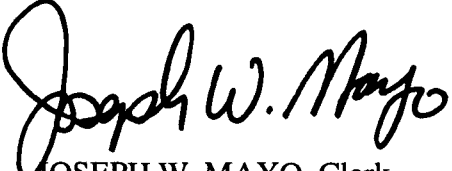
No. 580

H.P. 423

House of Representatives, February 17, 1995

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: DORE of Auburn, JOY of Crystal, LOVETT of
Scarborough, PENDLETON of Scarborough, Senators: CAREY of Kennebec, HALL of
Piscataquis.

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

Sec. 1. 36 MRSA §5122, sub-§2, ¶C, as repealed and replaced by PL 1989, c. 556, Pt.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

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

Sec. 2. 36 MRSA §5122, sub-§2, ¶G, as enacted by PL 1989, c. 880, Pt. G, §4, is 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 that~~ have been certified by the Superintendent of Insurance as complying with Title 24-A, chapter 68; and

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:

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, 1993, 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. 4. 36 MRSA §5122, sub-§2, ¶I is enacted to read:

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

STATEMENT OF FACT

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.