

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1996

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Legislative Document

No. 1748

S.P. 683

In Senate, February 1, 1996

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**An Act to Make Pension Payments Exempt from State Taxes.**

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.  
Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS  
Secretary of the Senate

Presented by Senator LAWRENCE of York.

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

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4       **Sec. 1. 36 MRSA §5122, sub-§1, ¶G,** as amended by PL 1995, c.  
368, Pt. GGG, §1, is repealed.

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**Sec. 2. Application.** This Act applies to tax years beginning  
on or after January 1, 1996.

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#### STATEMENT OF FACT

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14       Under current Maine law, the contributions an individual  
16       makes to the Maine State Retirement System are included as  
18       taxable income at the time of contribution and are not taxed when  
20       they are distributed to the retiree. Under the federal tax code,  
these same contributions are not taxed at the time of  
contribution but at the time of receipt. This bill repeals the  
provision requiring the payment of state income tax when the  
contribution is made, thereby making state law consistent with  
federal law. This bill makes the change effective with the 1996  
tax year.