

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

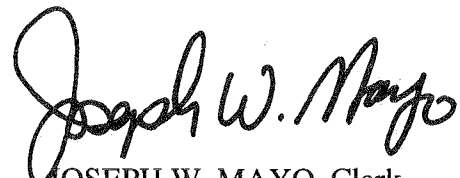
No. 142

H.P. 118

House of Representatives, January 14, 1997

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 HATCH of Skowhegan.

2
3 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 36 MRSA §5122, sub-§2, ¶C**, as repealed and replaced by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

6 C. ~~Social---security---benefits---and---railroad~~ Railroad
7 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, ¶H**, as amended by PL 1995, c.
11 639, §16, is further amended to read:

12 H. For each taxable year subsequent to the year of the
13 loss, an amount equal to the absolute value of the net
14 operating loss arising from tax years beginning on or after
15 January 1, 1989, but before January 1, 1993, for which
16 federal adjusted gross income was increased in accordance
17 with subsection 1, paragraph H and that pursuant to the
18 Code, Section 172 was carried back for federal income tax
19 purposes, but only to the extent that:

22 (1) Maine taxable income is not reduced below zero;

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

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

30 **Sec. 3. 36 MRSA §5122, sub-§2, ¶I**, as enacted by PL 1995, c.
31 639, §17, is amended to read:

32 I. For income tax years beginning on or after January 1,
33 1991, an amount equal to the amount by which federal taxable
34 income was reduced because of vessel earnings from fishing
35 operations that were contributed to a capital construction
36 fund; and

38 **Sec. 4. 36 MRSA §5122, sub-§2, ¶J** is enacted to read:

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

44
46 **SUMMARY**

48 This bill provides similar tax treatment to recipients of
49 state and federal retirement pensions to that provided to social
50 security recipients. Rather than all pension payments being

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