

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1997

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Legislative Document

No. 415

S.P. 136

In Senate, January 23, 1997

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**An Act to Facilitate the Withholding of State Income Taxes from Federal Pensions.**

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator LONGLEY of Waldo.  
Cosponsored by Senator LAWRENCE of York, Representatives: CHICK of Lebanon,  
DUNLAP of Old Town, WINGLASS of Auburn.

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

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Sec. 1. 36 MRSA §5254-A is enacted to read:

§5254-A. Withholding of state income taxes from federal retirement pay of civil service annuitants

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Civil service annuitant" means any person retired from the federal civil service who has state personal income tax liability for retirement pay. "Civil service annuitant" includes a survivor annuitant within the meaning of the United States Code, Title 5, Section 8331.

B. "Retirement pay" means regular, recurring, monthly annuity payments received based on federal retirement law.

2. Voluntary withholding. The assessor shall attempt to enter into an agreement with the federal Office of Personnel Management for the voluntary withholding of state income taxes from the retirement pay of federal civil service annuitants under the provisions of Public Law 97-35, Section 1705. The assessor is authorized to comply with any requirement necessary to enable retired federal civil servants to elect voluntary withholding of state income taxes from their retirement pay.

3. Rules. The assessor shall establish by rule a procedure under which a federal civil service annuitant may request voluntary withholding pursuant to an agreement entered into under subsection 2. The procedure may include a minimum monthly amount to be withheld and paid to the State. The rule is a routine technical rule pursuant to Title 5, chapter 375, subchapter II-A.

4. Disclosure. The assessor may disclose to the federal Office of Personnel Management the name, address or social security number of any federal civil service annuitant electing voluntary withholding of state income taxes whenever necessary to enable the federal Office of Personnel Management to implement withholding under the terms of an agreement entered into under subsection 2. The records maintained by the Bureau of Taxation under any agreement entered into under this section are open to inspection by representatives of the federal Office of Personnel Management and Comptroller General of the United States.

## SUMMARY

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This bill allows the State Tax Assessor to enter into an agreement with the federal Office of Personnel Management to allow the State to become a participant in a voluntary tax withholding program. Under this program, recipients of civil service retirement pay may request the federal Office of Personnel Management to deduct state income taxes from their retirement pay.