

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1998

Legislative Document

No. 20

H.P. 10

House of Representatives, December 23, 1998

An Act to Prohibit the Taxing of Veterans' Pensions.

Received by the Clerk of the House on December 21, 1998. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative GAGNE of Buckfield.
Cosponsored by Representatives: CHIZMAR of Lisbon, DUNLAP of Old Town, GOODWIN of Pembroke, HEIDRICH of Oxford, JACOBS of Turner, MAILHOT of Lewiston, TRIPP of Topsham, TRUE of Fryeburg.

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

4 **Sec. 1. 36 MRSA §5122, sub-§2, ¶J,** as corrected by RR 1997, c.
5 2, §59, is amended to read:

6 J. Any amount constituting a qualified withdrawal from an
7 account established pursuant to Title 20-A, chapter 417-E
8 and used for paying higher education expenses; and

10 **Sec. 2. 36 MRSA §5122, sub-§2, ¶K,** as corrected by RR 1997, c.
11 2, §60 and affected by §61, is amended to read:

12 K. For income tax years beginning on or after January 1,
13 1997, all items of income, gain, interest, dividends,
14 royalties and other income of a financial institution
15 subject to the tax imposed by section 5206, to the extent
16 that those items are passed through to the taxpayer for
17 federal income tax purposes, including, if the financial
18 institution is an S corporation, the taxpayer's pro rata
19 share and, if the financial institution is a partnership or
20 limited liability company, the taxpayer's distributive
21 share. A subtraction may not be made under this paragraph
22 for:

23
24 (1) Income of the taxpayer earned on interest-bearing
25 or similar accounts of the taxpayer at a financial
26 institution as a customer of that financial institution;

27
28 (2) Any dividends or other distributions with respect
29 to a taxpayer's ownership interest in a financial
30 institution; and

31
32 (3) Any gain recognized on the disposition by the
33 taxpayer of an ownership interest in a financial
34 institution; and

35
36 **Sec. 3. 36 MRSA §5122, sub-§2, ¶L** is enacted to read:

37
38 L. The portion of a taxpayer's income that is attributable
39 to a pension or compensation received due to the taxpayer's
40 status as a veteran.

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44 **SUMMARY**

45 This bill subtracts income received through a veteran's
46 pension from a taxpayer's adjusted gross income in computing
47 Maine income tax.
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