

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

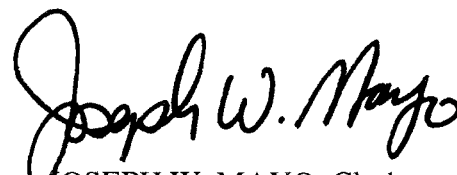
No. 146

H.P. 115

House of Representatives, January 11, 1999

**An Act to Exempt Pension and Retirement Benefits from the Maine
Income Tax.**

Reference to the Committee on Taxation suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative GLYNN of South Portland.
Cosponsored by Representatives BELANGER of Caribou, WATERHOUSE of Bridgton,
Senator DAVIS of Piscataquis,
Senator AMERO of Cumberland and
Representatives: CAMPBELL of Holden, JACOBS of Turner, LABRECQUE of Gorham,
MacDOUGALL of North Berwick, MACK of Standish, McDONOUGH of Portland, McNEIL
of Rockland, SHOREY of Calais.

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

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

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

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

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

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

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

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

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

40 L. For income tax years beginning on or after January 1,
42 2000, pension benefits and all other retirement plans
44 recognized by the Code, not to exceed \$25,000 per person per
46 year filing an individual return or \$44,000 per year for
48 couples filing a joint return.

SUMMARY

48 This bill exempts pension and retirement benefits from Maine
income tax beginning January 1, 2000.