

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 485

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H.P. 360

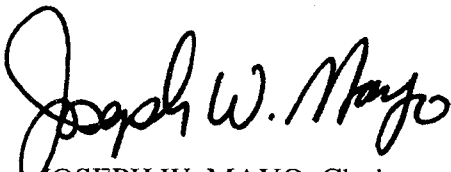
House of Representatives, January 14, 1999

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**An Act to Exempt Military Retirees from State Income Taxes.**

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Reference to the Committee on Taxation suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Representative POVICH of Ellsworth.  
Cosponsored by Representatives: BRAGDON of Bangor, DAVIDSON of Brunswick, JONES of Pittsfield, LOVETT of Scarborough, Senator HARRIMAN of Cumberland, Senator MURRAY of Penobscot and Representative CAMERON of Rumford.

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

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

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

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

K. For income tax years beginning on or after January 1, 1997, all items of income, gain, interest, dividends, royalties and other income of a financial institution subject to the tax imposed by section 5206, to the extent that those items are passed through to the taxpayer for 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:

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

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

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

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

L. An amount equal to any income derived by military retirees from military retirement benefits. For purposes of this paragraph, "military retiree" means any person who has retired from the active or reserve components of the Army, Navy, Air Force, Marines, Coast Guard, the Public Health Service or National Oceanic and Atmospheric Administration.

**SUMMARY**

This bill exempts military retirement benefits from the Maine income tax.