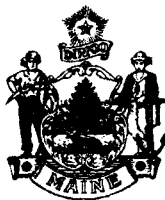


MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

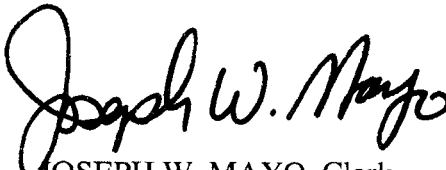
No. 939

H.P. 683

House of Representatives, February 3, 1999

**An Act to Exempt Maine Residents on Active Military Duty from State
Income Tax.**

Reference to the Committee on Taxation suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative KANE of Saco.
Cosponsored by Representative COWGER of Hallowell.

2 **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.
2, §59, is amended to read:

6 J. Any amount constituting a qualified withdrawal from an
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 reallocated by RR 1997,
c. 2, §60 and affected by §61, is amended to read:

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

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

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

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

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

38 L. For income tax years beginning on or after January 1,
40 2000, an amount equal to all income earned by the taxpayer
42 for active duty in any regular, reserve or national guard
component of the Armed Forces of the United States.

44 **SUMMARY**

46 This bill exempts from the state income tax all income
48 earned by a Maine resident for active duty in any regular,
reserve or national guard unit of the Armed Forces of the United
50 States.