

# MAINE STATE LEGISLATURE

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DATE: May 27, 1999

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**STATE OF MAINE  
SENATE  
119TH LEGISLATURE  
FIRST REGULAR SESSION**

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 431, L.D. 1268, Bill, "An Act to Provide Equal Treatment in the Taxation of Public Pensions"

Amend the amendment on page 1 by striking out all of lines 22 to 31.

Further amend the amendment on page 1 in paragraph L in the first line (page 1, line 37 in amendment) by striking out the following: "\$6,000" and inserting in its place the following: '\$5,000'

**FISCAL NOTE**

This amendment eliminates the offsetting increase of revenue from the change in the tax status of social security benefits and reduces the amount of the income tax deduction for state, federal and military retirement pension benefits from \$6,000 to \$5,000. As amended, the bill will have a General Fund cost of \$4,235,398 in fiscal year 1999-00 and \$10,805,862 in fiscal year 2000-01.

The exemption of a portion of state, federal and military pension benefits will decrease individual income tax collections by \$4,463,012 in fiscal year 1999-00 and \$11,360,669 in fiscal year 2000-01. The reduction of these tax collections will decrease the amounts transferred to the Local Government Fund for state-municipal revenue sharing in those years by \$227,614 and \$579,394, respectively. The resulting net reductions of General Fund revenue will be \$4,235,398 in fiscal year 1999-00 and \$10,781,275 in fiscal year 2000-01.

The Bureau of Revenue Services will incur additional costs estimated to be \$24,587 in fiscal year 2000-01 and approximately

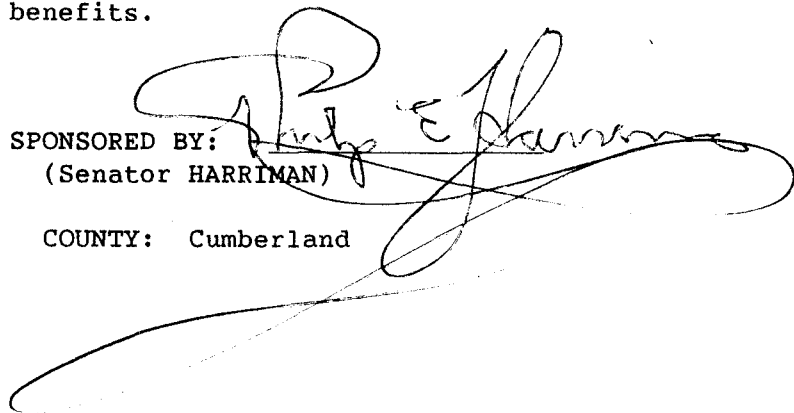
SENATE AMENDMENT " A " to COMMITTEE AMENDMENT "A" to S.P. 431,  
L.D. 1268

2 \$38,000 annually beginning in fiscal year 2001-02 for one Tax  
Examiner position, effective January 1, 2001, and related  
4 expenses to audit the affected returns. An additional General  
Fund appropriation is included in the committee amendment to fund  
6 these additional costs.

8 **SUMMARY**

10 This amendment strikes the provision of Committee Amendment  
"A" that provides that social security benefits be taxed to the  
12 same extent that those benefits are taxed under federal income  
tax laws.

14 This amendment also reduces the income tax deduction to  
16 \$5,000 per recipient for state, federal and military pension  
benefits.

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20  
22 SPONSORED BY:   
(Senator HARRIMAN)

24 COUNTY: Cumberland  
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