

# MAINE STATE LEGISLATURE

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22  
RMS

L.D. 1268

DATE: May 25, 1999

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**TAXATION**

Reported by:

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

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 bill by inserting after the enacting clause the following:

'Sec. 1. 36 MRSA §5122, sub-§2, ¶C, as repealed and replaced by PL 1989, c. 502, Pt. A, §136 and c. 556, Pt. B, §7, is amended to read:

C. ~~Social---security---benefits---and---railroad~~ Railroad retirement benefits paid by the United States, to the extent included in federal adjusted gross income;'

Further amend the bill in section 3 by striking out all of paragraph L (page 1, lines 39 to 42 in L.D.) and inserting in its place the following:

'L. Up to \$6,000 of state, federal and military retirement pension benefits for each recipient of those benefits to the extent the benefits are included in federal taxable income after adjustment under paragraph E.'

Further amend the bill by inserting at the end before the summary the following:

'Sec. 4. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

2000-01

2

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

4

6

**Bureau of Revenue Services**

8

Positions - Legislative Count (1.000)

10

Personal Services \$15,903

All Other 8,675

12

Provides funds for a Tax Examiner position, effective January 1, 2001, and related expenses to audit affected returns.

14

16

18

**DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

20

**TOTAL** \$24,578

22

**Sec. 5. Application.** This Act applies to tax years beginning on or after January 1, 2000.'

24

26

Further amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

28

30

Further amend the bill by inserting at the end before the summary the following:

32

34

**FISCAL NOTE**

36

**1999-00                      2000-01**

38

**APPROPRIATIONS/ALLOCATIONS**

40

General Fund \$24,578

42

**REVENUES**

44

General Fund \$245,912 \$477,774

46

Other Funds 13,216 25,676

48

50

These changes to the taxation of state, federal and military pension benefits will increase individual income tax collections

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

2 by net amounts of \$259,128 in fiscal year 1999-00 and \$503,450 in  
3 fiscal year 2000-01. The net increase of these tax collections  
4 will increase the amounts transferred to the Local Government  
5 Fund for state-municipal revenue sharing in those years by  
6 \$13,216 and \$25,676, respectively. The resulting net increases  
7 of General Fund revenue will be \$245,912 in fiscal year 1999-00  
8 and \$477,774 in fiscal year 2000-01.

9  
10 The Bureau of Revenue Services will incur additional costs  
11 estimated to be \$24,578 in fiscal year 2000-01 and approximately  
12 \$38,000 annually beginning in fiscal year 2001-02 for one Tax  
13 Examiner position, effective January 1, 2001, and related  
14 expenses to audit the affected returns. An additional General  
15 Fund appropriation is included to fund these additional costs.'

16 **SUMMARY**

17 This amendment provides an income tax deduction for up to  
18 \$6,000 of state, federal and military retirement pension benefits  
19 per recipient. The amendment provides that social security  
20 benefits be taxed to the same extent that those benefits are  
21 taxed under federal income tax laws. The amendment also adds an  
22 appropriation section, an application date and a fiscal note.