

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## SECOND REGULAR SESSION-2000

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Legislative Document

No. 2459

H.P. 1753

House of Representatives, January 10, 2000

### **An Act to Promote the Economic Security of Maine Citizens.**

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative SAXL of Portland.

Cosponsored by Representatives ANDREWS of York, MACK of Standish, Senator AMERO of Cumberland and

Representatives: Speaker ROWE of Portland, SHIAH of Bowdoinham, Senators: President LAWRENCE of York, PINGREE of Knox, RAND of Cumberland.

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

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**Sec. 1. 36 MRSA §5122, sub-§2, ¶K,** as amended by PL 1999, c. 521, Pt. C, §5 and affected by §9, is further 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. 2. 36 MRSA §5122, sub-§2, ¶L,** as enacted by PL 1999, c. 521, Pt. C, §6 and affected by §9, is amended to read:

L. For income tax years beginning on or after January 1, 2000, an amount equal to the total premiums spent for qualified long-term care insurance contracts as defined in the Code, Section 7702B(b), as long as the amount subtracted is reduced by the long-term care premiums claimed as an itemized deduction pursuant to Section 5125-; and

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

M. For tax years beginning on or after January 1, 2001, up to and including \$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.

## SUMMARY

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This bill exempts the first \$6,000 of state, federal and  
4 military retirement income from state income tax.