

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
119TH LEGISLATURE
SECOND REGULAR SESSION

HOUSE AMENDMENT "A" to S.P. 1049, L.D. 2641, Bill, "An Act to Exempt a Portion of Private Pensions from Income Taxation"

Amend the bill by striking out all of sections 3 and 4 and inserting in their place the following:

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

M. For income tax years beginning on or after January 1, 2000, an amount equal to the lesser of:

(1) Ten thousand dollars for a single individual and \$20,000 for a married couple filing a joint return reduced by the total amount of social security benefits and railroad retirement benefits paid by the United States; or

(2) The aggregate of the following:

(a) Total pensions and annuities to the extent included in federal adjusted gross income;

(b) For a taxpayer at least 65 years of age, taxable interest to the extent included in federal adjusted gross income;

(c) For a taxpayer at least 65 years of age, ordinary dividends to the extent included in federal adjusted gross income; and

(d) For a taxpayer at least 65 years of age, capital gains or losses to the extent included in federal adjusted gross income.

2 For purposes of divisions (b), (c) and (d), a taxpayer
4 who is at least 65 years of age during the tax year for
 which a return is being filed qualifies for the
6 subtraction pursuant to those divisions.

8 For purposes of this paragraph, "single individual" means a
 taxpayer who files as a single individual, married person
10 filing separately or head of household. For purposes of
 this paragraph, the terms "pensions and annuities," "taxable
12 interest," "ordinary dividends" and "capital gains or
 losses" have the same meanings as when used in a comparable
14 context in the laws of the United States relating to federal
 income taxes.'

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

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FISCAL NOTE

24 This amendment will increase the General Fund cost of the
 bill by \$862,474 in fiscal year 1999-00 and \$11,409,903 in fiscal
26 year 2000-01, \$9,291,697 in fiscal year 2001-02 and \$9,725,729 in
 fiscal year 2002-03.

28 As amended, this income modification for certain pension
 benefits and other retirement income will decrease individual
30 income tax collections by \$3,517,662 in fiscal year 1999-00,
 \$46,470,160 in fiscal year 2000-01, \$37,728,947 in fiscal year
32 2001-02, and \$39,491,376 in fiscal year 2002-03. The reduction
 of these tax collections will decrease the amounts transferred to
34 the Local Government Fund for state-municipal revenue sharing in
 those years by \$179,401, \$2,369,978, \$1,924,176 and \$2,014,060,
36 respectively. The resulting net reductions of General Fund
 revenue will be \$3,338,261 in fiscal year 1999-00, \$44,100,182 in
38 fiscal year 2000-01, \$35,804,771 in fiscal year 2001-02, and
 \$37,477,316 in fiscal year 2002-03.

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SUMMARY

44 This amendment changes the income tax deduction limit for
 public and private pension income in the original bill to \$10,000
46 for persons filing single returns and \$20,000 for married persons
 filing jointly and expands the deduction to include all annuity
48 income and, for taxpayers at least 65 years of age, income from
 interest, dividends and capital gains. Income from social
50 security benefits and railroad retirement benefits paid by the

HOUSE AMENDMENT "A" to S.P. 1049, L.D. 2641

2 federal government would continue to be exempt from the Maine
income tax.

4 Under this amendment, if the total of social security and
6 railroad retirement benefits is at least \$10,000 for persons
8 filing single returns and \$20,000 for married persons filing
10 jointly, then the taxpayer is entitled to an income modification
12 equal to the actual benefits. If the total of social security
14 and railroad retirement benefits is less than \$10,000 for persons
16 filing single returns and \$20,000 for married persons filing
jointly, then the taxpayer also may exempt from Maine income tax
an amount, up to a maximum of \$10,000 for persons filing single
returns and \$20,000 for married persons filing jointly, of social
security and railroad retirement benefits, pension and annuity
income and, for taxpayers at least 65 years of age, income from
interest, dividends and capital gains.

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