

MAINE STATE LEGISLATURE

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DATE: *March 29, 2001* (Filing No. S- *28*)

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STATE OF MAINE
SENATE
120TH LEGISLATURE
FIRST REGULAR SESSION

SENATE AMENDMENT "D" to COMMITTEE AMENDMENT "A" to H.P. 256, L.D. 300, Bill, "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2002 and June 30, 2003"

Amend the amendment by inserting after Part Y the following:

PART Z

Sec. Z-1. 36 MRSA §5122, sub-§2, ¶L, as amended by PL 1999, c. 708, §35 and c. 731, Pt. S, §2 and affected by §4 and amended by c. 790, Pt. A, §49, is repealed and the following enacted in its place:

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;

Sec. Z-2. 36 MRSA §5122, sub-§2, ¶M, as enacted by PL 1999, c. 708, §36 and c. 731, Pt. S, §3 and affected by §4, is repealed and the following enacted in its place:

M. An amount, for each recipient of benefits under an employee retirement plan, that is the lesser of:

(1) Six thousand dollars reduced by the total amount of social security benefits and railroad retirement benefits paid by the United States, but not less than \$0. The reduction does not apply to benefits paid under the Maine State Retirement System; or

2 (2) The aggregate of benefits received under employee
3 retirement plans and included in federal adjusted gross
4 income.

5 For purposes of this paragraph, "employee retirement plan"
6 means a state or federal retirement plan or any other
7 retirement benefit plan established and maintained by an
8 employer for the benefit of its employees under Section
9 401(a), Section 403 or Section 457(b) of the Code.
10 "Employee retirement plan" does not include a military
11 retirement plan, an individual retirement account under
12 Section 408 of the Code, a Roth IRA under Section 408A of
13 the Code, a rollover individual retirement account, a
14 simplified employee pension under Section 408(k) of the Code
15 or an ineligible deferred compensation plan under Section
16 457(f) of the Code. A person who takes a deduction under
17 paragraph O may not take a deduction under this paragraph;

18 **Sec. Z-3. 36 MRSA §5122, sub-§2, ¶¶N and O** are enacted to read:

19 N. Interest or dividends on obligations or securities of
20 this State and its political subdivisions and authorities to
21 the extent included in federal adjusted gross income;

22 O. An amount equal to any income derived by military
23 retirees from a military retirement plan to the extent
24 included in federal adjusted gross income. For purposes of
25 this paragraph, "military retiree" means any person who has
26 retired from the active or reserve components of the Army,
27 Navy, Air Force, Marines or Coast Guard;

28 **Sec. Z-4. Application.** That section of this Part that enacts
29 the Maine Revised Statutes, Title 36, section 5122, subsection 2,
30 paragraph O applies to tax years beginning on or after January 1,
31 2001.

32 **Sec. Z-5. Transfer from Maine Learning Technology Endowment.**
33 Notwithstanding the Maine Revised Statutes, Title 20-A, Part 9,
34 the Commissioner of Administrative and Financial Services shall
35 transfer \$2,862,476 from the Maine Learning Technology Endowment
36 to the unappropriated surplus of the General Fund no later than
37 June 30, 2002 and \$2,158,952 from the Maine Learning Technology
38 Endowment to the unappropriated surplus of the General Fund no
39 later than June 30, 2003.'

40 Further amend the amendment by relettering or renumbering
41 any nonconsecutive Part letter or section number to read
42 consecutively.

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FISCAL NOTE

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This amendment will have no net effect on General Fund appropriations and revenue and a balanced budget is maintained for fiscal year 2001-02 and fiscal year 2002-03.

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SUMMARY

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This amendment removes the cap on military pension benefits, thus allowing them to be fully deductible from the state income tax.

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This amendment also corrects a conflict created by Public Law 1999, chapters 708 and 731, each of which enacted a new Maine Revised Statutes, Title 36, section 5122, subsection 2, paragraph M. This amendment resolves the conflict by reallocating one of the new paragraphs to be the Maine Revised Statutes, Title 36, section 5122, subsection 2, paragraph N.

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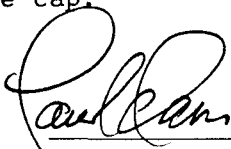
22

This amendment transfers an amount from the Maine Learning Technology Endowment to fund the loss in revenue created by the removal of the cap.

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SPONSORED BY: 
(Senator P. DAVIS)

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COUNTY: Piscataquis

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