MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 667

S.P. 195

In Senate, February 13, 2001

An Act to Exempt Retirement Income from the Maine Income Tax.

Reference to the Committee on Taxation suggested and ordered printed.

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator McALEVEY of York.
Cosponsored by Representative MAYO of Bath and
Senators: FERGUSON of Oxford, PENDLETON of Cumberland, Representatives: COLLINS
of Wells, JODREY of Bethel, SAVAGE of Buxton, SHERMAN of Hodgdon, TREADWELL
of Carmel.

Be it	enacted	by the	People	of the	State of	Maine	as follows:
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	Sec. 1. 36 MRSA §5122, sub-§2, ¶L, as amended by PL 1999, c.
4	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 A, §49, is repealed and the following enacted in its
6	place:
U	prace.
8	L. For income tax years beginning on or after January 1,
	2000, an amount equal to the total premiums spent for
10	qualified long-term care insurance contracts as defined in the Code, Section 7702B(b), as long as the amount subtracted
12	is reduced by the long-term care premiums claimed as an
	itemized deduction pursuant to section 5125;
14	
	Sec. 2. 36 MRSA §5122, sub-§2, ¶M, as enacted by PL 1999, c.
16	708, §36 and c. 731, Pt. S, §3 and affected by §4, is repealed
	and the following enacted in its place:
18	•
	M. An amount equal to the aggregate of benefits under
20	employee retirement plans and included in federal adjusted
	gross income. For purposes of this paragraph, "employee
22	retirement plan" means a state, federal or military
	retirement plan, a retirement benefit plan established and
24	maintained by an employer for the benefit of its employees
44	under Section 401(a), Section 403 or Section 457(b) of the
26	
20	Code or any other retirement plan recognized by the Code; and
28	Sec. 3. 36 MRSA §5122, sub-§2, ¶N is enacted to read:
30	N. Interest or dividends on obligations or securities of
30	this State and its political subdivisions and authorities to
32	·-
34	the extent included in federal adjusted gross income.
34	Sec. 4. Application. That section of this Act that repeals
2.6	and replaces the Maine Revised Statutes, Title 36, section 5122,
36	subsection 2, paragraph M applies to tax years beginning on or
2.0	after January 1, 2002.
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	CHIRARA A TREA
40	SUMMARY
42	
	Current law exempts from the state income tax the first
44	\$6,000 of income received from certain public, private and
	military pensions.
46	
	This bill removes the cap on the amount of the deduction and
48	makes the deduction applicable to all pension plans as long as
	the pension plan is recognized by the United States Internal
50	Revenue Code.

- This bill also corrects a conflict created by Public Law 1999, chapters 708 and 731, which each enacted the Maine Revised Statutes, Title 36, section 5122, subsection 2, paragraph M.
- Statutes, Title 36, section 5122, subsection 2, paragraph M.

 This bill resolves the conflict by reallocating one of the new paragraphs to be Title 36, section 5122, subsection 2, paragraph

6 N.