

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 719

H.P. 564

House of Representatives, February 13, 2001

**An Act to Increase the Income Tax Deduction on Private, Public and
Military Pensions from \$6,000 to \$10,000.**

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative DAVIS of Falmouth.
Cosponsored by Representatives: CRESSEY of Baldwin, FULLER of Manchester, POVICH
of Ellsworth, SCHNEIDER of Durham, Senators: DAVIS of Piscataquis, President
MICHAUD of Penobscot, WOODCOCK of Franklin and
Representatives: CLOUGH of Scarborough, MacDOUGALL of North Berwick, MENDROS
of Lewiston, NUTTING of Oakland, SNOWE-MELLO of Poland, WATERHOUSE of
Bridgton.

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

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3 **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
5 c. 790, Pt. A, §49, is repealed and the following enacted in its
6 place:

7 L. For income tax years beginning on or after January 1,
8 2000, an amount equal to the total premiums spent for
9 qualified long-term care insurance contracts as defined in
10 the Code, Section 7702B(b), as long as the amount subtracted
11 is reduced by the long-term care premiums claimed as an
12 itemized deduction pursuant to section 5125;

13 **Sec. 2. 36 MRSA §5122, sub-§2, ¶M**, as enacted by PL 1999, c.
14 708, §36 and c. 731, Pt. S, §3 and affected by §4, is repealed
15 and the following enacted in its place:

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

18 (1) Ten thousand dollars reduced by the total amount
19 of social security benefits and railroad retirement
20 benefits paid by the United States, but not less than
21 \$0; or

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

25 For purposes of this paragraph, "employee retirement plan"
26 means a state, federal or military retirement plan or any
27 other retirement benefit plan established and maintained by
28 an employer for the benefit of its employees under Section
29 401(a), Section 403 or Section 457(b) of the Code.
30 "Employee retirement plan" does not include an individual
31 retirement account under Section 408 of the Code, a Roth IRA
32 under Section 408A of the Code, a rollover individual
33 retirement account, a simplified employee pension under
34 Section 408(k) of the Code or an ineligible deferred
35 compensation plan under Section 457(f) of the Code; and

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

37 N. Interest or dividends on obligations or securities of
38 this State and its political subdivisions and authorities to
39 the extent included in federal adjusted gross income.

40 **Sec. 4. Application.** That section of this Act that repeals
41 and replaces the Maine Revised Statutes, Title 36, section 5122,
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2 subsection 2, paragraph M applies to tax years beginning on or
after January 1, 2001.

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6 **SUMMARY**

8 This bill increases from \$6,000 to \$10,000 the amount of the
state income tax deduction for income received from public,
private and military pensions.

10 This bill also corrects a conflict created by Public Law
12 1999, chapters 708 and 731, each of which enacted a new Maine
Revised Statutes, Title 36, section 5122, subsection 2, paragraph
14 M. This bill resolves the conflict by reallocating one of the
new paragraphs to be the Maine Revised Statutes, Title 36,
16 section 5122, subsection 2, paragraph N.