

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 762

H.P. 607

House of Representatives, February 13, 2001

An Act to Exempt Purple Heart Recipients from State Income Tax.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative DUNLAP of Old Town.
Cosponsored by Senator MARTIN of Aroostook and
Representatives: BRYANT of Dixfield, COTE of Lewiston, MICHAUD of Fort Kent,
PERKINS of Penobscot, SAVAGE of Buxton, THOMAS of Orono, WHEELER of Eliot,
Senator: KILKELLY of Lincoln.

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

2
3
4 **Sec. 1. 36 MRSA §5122, sub-§2, ¶L**, as amended by PL 1999, c.
5 708, §35 and c. 731, Pt. S, §2 and affected by §4 and amended by
6 c. 790, Pt. A, §49, is repealed and the following enacted in its
7 place:

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

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 S, §3 and affected by §4, is repealed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

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

19
20
21 (1) Six thousand dollars reduced by the total amount
22 of social security benefits and railroad retirement
23 benefits paid by the United States, but not less than
24 \$0; or

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

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

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

41
42
43 N. Interest or dividends on obligations or securities of
44 this State and its political subdivisions and authorities to
45 the extent included in federal adjusted gross income; and
46

2 O. For income tax years beginning on or after January 1,
2001, an amount equal to the income earned by a person who
4 is a Purple Heart medal recipient, awarded pursuant to 10
United States Code, Chapter 57 (1999), to the extent that
6 income is included in federal adjusted gross income.

8 **SUMMARY**

10 This bill exempts from Maine income tax income earned by a
12 person awarded the Purple Heart medal, which is awarded to a
person killed or wounded in action.

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