

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 914

S.P. 267

In Senate, February 15, 2001

**An Act to Provide Fair Treatment in Taxation of Social Security
Retirement Benefits.**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator KILKELLY of Lincoln.
Cosponsored by Senators: DAVIS of Piscataquis, LEMONT of York, FERGUSON of Oxford,
Representatives: CARR of Lincoln, TRAHAN of Waldoboro.

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 A, §49, is repealed and the following enacted in its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 S, §3 and affected by §4, is repealed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) Six thousand dollars; or

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

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

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

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

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

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SUMMARY

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6 Current law provides a deduction from the income tax for the
8 first \$6,000 in pension income; this amount is reduced by the
total amount of social security benefits and railroad retirement
benefits received.

10 This bill removes the provision that reduces the amount of
12 the deduction by the total amount of social security and railroad
retirement benefits received.

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