

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2001

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Legislative Document

No. 1115

H.P. 843

House of Representatives, February 22, 2001

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**An Act to Exempt a Portion of Certain Pensions From the State Income Tax.**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*

MILLICENT M. MacFARLAND, Clerk

Presented by Representative GLYNN of South Portland.  
Cosponsored by Senator DAVIS of Piscataquis and  
Representatives: BRUNO of Raymond, CRESSEY of Baldwin, DAVIS of Falmouth,  
DUPREY of Hampden, LOVETT of Scarborough, McKENNEY of Cumberland, MURPHY  
of Kennebunk, TREADWELL of Carmel.

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 A, §49, is repealed and the following enacted in its  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 S, §3 and affected by §4, is repealed  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; 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, 2002.

## SUMMARY

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This bill increases the current deduction for public and private pension plans from \$6,000 to \$10,000 and removes the provision that reduces the amount of the deduction by the total amount of social security and railroad retirement benefits received.

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This bill 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 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.

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