

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 403

S.P. 140

In Senate, January 30, 2003

An Act To Amend the Laws Governing the Deduction of Pension and Retirement Benefits from State Income Tax

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 GAGNON of Kennebec.
Cosponsored by Representative SIMPSON of Auburn and
Senators: HATCH of Somerset, MAYO of Sagadahoc, STANLEY of Penobscot,
WOODCOCK of Franklin, Representatives: CANAVAN of Waterville, LERMAN of Augusta,
MARRACHÉ of Waterville, PATRICK of Rumford.

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

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4 Sec. 1. 36 MRSA §5122, sub-§2, ¶M, as amended by PL 2001, c.
396, §34 and affected by §50, is further amended to read:

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

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9
10 (1) ~~Six thousand dollars reduced by the total amount~~
11 ~~of the primary recipient's social security benefits and~~
12 ~~railroad retirement benefits paid by the United States,~~
13 ~~but not less than \$0.---The~~ Except that this reduction
14 does not apply to benefits paid under a military
retirement plan, ~~or,~~ the following amounts reduced by
15 the total amount of the primary recipient's social
16 security benefits and railroad retirement benefits paid
17 by the United States, but not less than \$0, for each
18 tax year beginning in the following years:

20 (a) 2004, \$8,000;

22 (b) 2005, \$9,000;

24 (c) 2006, \$10,000;

26 (d) 2007, \$11,000;

28 (e) 2008, \$12,000;

30 (f) 2009, \$13,000;

32 (g) 2010, \$14,000;

34 (h) 2011, \$15,000;

36 (i) 2012, \$16,000;

38 (j) 2013, \$17,000; and

40 (k) 2014 and after, \$20,000; and

42 (2) The aggregate of benefits received by the primary
43 recipient under employee retirement plans and included
44 in federal adjusted gross income.

46 For purposes of this paragraph, "employee retirement plan"
47 means a state, federal or military retirement plan or any
48 other retirement benefit plan established and maintained by
an employer for the benefit of its employees under Section
50 401(a), Section 403 or Section 457(b) of the Code.

2 "Employee retirement plan" does not include an individual
retirement account under Section 408 of the Code, a Roth IRA
4 under Section 408A of the Code, a rollover individual
retirement account, a simplified employee pension under
6 Section 408(k) of the Code or an ineligible deferred
compensation plan under Section 457(f) of the Code. For
8 purposes of this paragraph, "military retirement plan" means
benefits received as a result of service in the active or
reserve components of the Army, Navy, Air Force, Marines or
10 Coast Guard. For purposes of this paragraph, "primary
recipient" means the pension recipient upon whose earnings
12 the pension is based or the surviving spouse of such a
person;

14 **Sec. 2. Application.** That section of this Act that amends the
16 Maine Revised Statutes, Title 36, section 5122, subsection 2,
paragraph M applies to tax years beginning on or after January 1,
18 2004.

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SUMMARY

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24 Current law provides a deduction from the state income tax
for the first \$6,000 of income from certain public, private and
military pensions.

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28 This bill increases the deduction to \$8,000 beginning
January 1, 2004 and \$1,000 each subsequent year until the amount
of the deduction is \$17,000 in 2013. In 2014 and after the
30 deduction increases to \$20,000.