

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 545

S.P. 185

In Senate, February 6, 2003

An Act To Provide Federal Civil Service Retirees the Same State Income Tax Protection as Federal Military Service Retirees

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 EDMONDS of Cumberland.
Cosponsored by Representative SMITH of Van Buren and
Representatives: HATCH of Skowhegan, HUTTON of Bowdoinham, PATRICK of Rumford.

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

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 recipient of benefits under an
employee retirement plan, that is the lesser of:

8 (1) Six thousand dollars reduced by the total amount
10 of the primary recipient's social security benefits and
12 railroad retirement benefits paid by the United States,
but not less than \$0. The reduction does not apply to
14 benefits paid under a military retirement plan or to
benefits paid under the federal Civil Service
Retirement System; or

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

20 For purposes of this paragraph, "employee retirement plan"
22 means a state, federal or military retirement plan or any
other retirement benefit plan established and maintained by
24 an employer for the benefit of its employees under Section
401(a), Section 403 or Section 457(b) of the Code.
26 "Employee retirement plan" does not include an individual
retirement account under Section 408 of the Code, a Roth IRA
28 under Section 408A of the Code, a rollover individual
retirement account, a simplified employee pension under
30 Section 408(k) of the Code or an ineligible deferred
compensation plan under Section 457(f) of the Code. For
32 purposes of this paragraph, "military retirement plan" means
34 benefits received as a result of service in the active or
reserve components of the Army, Navy, Air Force, Marines or
Coast Guard;

36
38 **SUMMARY**

40 This bill allows retirees receiving retirement benefits
under the federal Civil Service Retirement System to deduct up to
42 \$6,000 of those retirement benefits from their adjusted gross
income on their state income tax return without having to offset
44 that deduction by any Social Security benefits they are also
receiving.