

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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Legislative Document

No. 555

H.P. 418

House of Representatives, February 6, 2003

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**An Act To Increase the Maine Income Tax Deduction for Benefits  
Received Under the Maine State Retirement System**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative PARADIS of Frenchville.  
Cosponsored by Senator GAGNON of Kennebec and  
Representatives: BARSTOW of Gorham, BLANCHETTE of Bangor, CANAVAN of  
Waterville, COLLINS of Wells, LUNDEEN of Mars Hill, NORTON of Bangor, O'BRIEN of  
Lewiston, PERRY of Bangor.

2  
3 **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.  
5 396, §34 and affected by §50, is further amended to read:

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

8  
9 (1) Six thousand dollars reduced by the total amount  
10 of the primary recipient's social security benefits and  
11 railroad retirement benefits paid by the United States,  
12 but not less than \$0, except that for a person  
13 receiving retirement benefits under the Maine State  
14 Retirement System, the deduction amount under this  
15 subparagraph is \$10,000 reduced by the total amount of  
16 social security benefits and railroad retirement  
17 benefits paid by the United States. The reduction does  
18 not apply to benefits paid under a military retirement  
19 plan; or

20  
21 (2) The aggregate of benefits received by the primary  
22 recipient under employee retirement plans and included  
23 in federal adjusted gross income.

24  
25 For purposes of this paragraph, "employee retirement plan"  
26 means a state, federal or military retirement plan or any  
27 other retirement benefit plan established and maintained by  
28 an employer for the benefit of its employees under Section  
29 401(a), Section 403 or Section 457(b) of the Code.  
30 "Employee retirement plan" does not include an individual  
31 retirement account under Section 408 of the Code, a Roth IRA  
32 under Section 408A of the Code, a rollover individual  
33 retirement account, a simplified employee pension under  
34 Section 408(k) of the Code or an ineligible deferred  
35 compensation plan under Section 457(f) of the Code. For  
36 purposes of this paragraph, "military retirement plan" means  
37 benefits received as a result of service in the active or  
38 reserve components of the Army, Navy, Air Force, Marines or  
39 Coast Guard;

40  
41 **Sec. 2. Application.** This Act applies to tax years beginning  
42 on or after January 1, 2004.

43  
44  
45 **SUMMARY**

46  
47 This bill increases the amount of the income tax deduction  
48 for retirement benefit income received by retirees in the Maine  
49 State Retirement System to \$10,000 annually.