

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

SECOND REGULAR SESSION-2004

Legislative Document

No. 1684

S.P. 616

In Senate, December 17, 2003

**An Act To Make Retirement Benefits More Equitable by Imposing a
Surcharge on Income from Congressional Retirement Benefits**

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Secretary of the Senate on December 16, 2003. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 218.

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

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator DAVIS of Piscataquis.

Under suspension of the rules, cosponsored by Senator STANLEY of Penobscot and Senators: NASS of York, SHOREY of Washington, Representatives: ANNIS of Dover-Foxcroft, BOWLES of Sanford, BRUNO of Raymond, CARR of Lincoln, CLARK of Millinocket, GOODWIN of Pembroke, TARDY of Newport.

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

4 **Sec. 1. 36 MRSA §5111, sub-§6** is enacted to read:

6 6. Surcharge on congressional retirement benefits. In
8 addition to the tax established by this section as indexed for
10 the taxable year, there is imposed a tax surcharge for a taxable
12 year that begins in 2004 or later on the income of an individual
14 who receives retirement benefits under the retirement plan for
16 members of the Congress of the United States. The surcharge is
18 as follows:

20 A. On the amount of the annual benefit received under the
22 plan that is \$12,000 or less, the surcharge is 10%;

24 B. On the amount of the annual benefit received under the
26 plan that is between \$12,000 and \$24,000, the surcharge is
28 33 1/3%; and

30 C. On the amount of the annual benefit received under the
32 plan that is \$24,000 or more, the surcharge is 75%.

34 **SUMMARY**

36 This bill imposes a state income tax surcharge on the
38 benefits of members of Congress received under the congressional
40 retirement plan. The surcharge is applied in 3 stages to take a
42 progressively larger portion of the affected benefits as those
44 benefits increase. In this regard, the surcharge is similar to
46 the 3-tiered reduction to Social Security benefits under the
48 windfall elimination and offset provisions of Social Security law
50 for retirees who receive benefits under both Social Security and
52 another public pension plan.