

MAINE STATE LEGISLATURE

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L.D. 972

DATE: 4/26/05

(Filing No. H-191)

TAXATION

Minority

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 682, L.D. 972, Bill, "An Act To Exempt Military Pensions for Future Military Retirees from State Income Tax"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 36 MRSA §5122, sub-§2, ¶M, as amended by PL 2003, c. 391, §5, is further amended to read:

M. For each individual who is a primary recipient of benefits under an employee retirement plan, the amount of military retirement benefits under a military retirement plan for military personnel retiring during any tax year beginning on or after January 1, 2006 to the extent included in federal adjusted gross income plus an amount that is the lesser of:

(1) Six thousand dollars reduced by the total amount of the individual's social security benefits and railroad retirement benefits paid by the United States, but not less than \$0. The reduction does not apply to benefits paid under a military retirement plan; or

(2) The aggregate of benefits under employee retirement plans included in the individual's federal adjusted gross income, excluding military retirement benefits under a military retirement plan for military

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COMMITTEE AMENDMENT "A" to H.P. 682, L.D. 972

2 personnel retiring during any tax year beginning on or
3 after January 1, 2006.

4 For purposes of this paragraph, the following terms have the
5 following meanings. "Primary recipient" means the
6 individual upon whose earnings the employee retirement plan
7 benefits are based or the surviving spouse of that
8 individual. "Employee retirement plan" means a state,
9 federal or military retirement plan or any other retirement
10 benefit plan established and maintained by an employer for
11 the benefit of its employees under the Code, Section 401(a),
12 Section 403 or Section 457(b), except that distributions
13 made pursuant to a section 457(b) plan are not eligible for
14 the deduction provided by this paragraph if they are made
15 prior to age 55 and are not part of a series of
16 substantially equal periodic payments made for the life of
17 the primary recipient or the joint lives of the primary
18 recipient and that recipient's designated beneficiary.
19 "Employee retirement plan" does not include an individual
20 retirement account under Section 408 of the Code, a Roth IRA
21 under Section 408A of the Code, a rollover individual
22 retirement account, a simplified employee pension under
23 Section 408(k) of the Code or an ineligible deferred
24 compensation plan under Section 457(f) of the Code.
25 Benefits under an employee retirement plan do not include
26 distributions that are subject to the tax imposed by the
27 Code, Section 72(t). "Military retirement plan" means
28 benefits received as a result of service in the active or
29 reserve components of the Army, Navy, Air Force, Marines or
30 Coast Guard;

32 **Sec. 2. Appropriations and allocations.** The following
33 appropriations and allocations are made.

34 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

36 **Maine Revenue Services 0002**

38 Initiative: Provides funds for the computer programming costs
39 associated with the income tax exemption for certain military
40 retirement plans.

42	GENERAL FUND	2005-06	2006-07
44	All Other	\$0	\$10,000
46	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$10,000'</u>

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COMMITTEE AMENDMENT "A" to H.P. 682, L.D. 972 .

SUMMARY

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This amendment changes the bill to more accurately
4 accomplish its intent.

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FISCAL NOTE REQUIRED
(See attached)

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COMMITTEE AMENDMENT



122nd MAINE LEGISLATURE

LD 972

LR 1178(02)

An Act To Exempt Military Pensions for Future Military Retirees from State Income Tax

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$89,982	\$332,727	\$575,300	\$848,591
Appropriations/Allocations				
General Fund	\$0	\$10,000	\$0	\$0
Revenue				
General Fund	(\$89,982)	(\$322,727)	(\$575,300)	(\$848,591)
Other Special Revenue Funds	(\$4,936)	(\$17,702)	(\$31,557)	(\$46,547)

Fiscal Detail and Notes

Exempting military retirement plan income from the income tax is expected to reduce General Fund revenue by \$89,982 in fiscal year 2005-06 and \$322,727 in fiscal year 2006-07. This bill also includes a General Fund appropriation of \$10,000 for Maine Revenue Services in fiscal year 2006-07 for the required computer programming associated with this change.