

# MAINE STATE LEGISLATURE

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# 124th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2009

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Legislative Document

No. 647

H.P. 461

House of Representatives, February 19, 2009

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### **An Act To Provide Tax Relief for Retired Veterans Operating Businesses in Maine**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative CORNELL du HOUX of Brunswick.  
Cosponsored by Senator PERRY of Penobscot and  
Representatives: BECK of Waterville, BERRY of Bowdoinham, BRYANT of Windham,  
CROCKETT of Bethel, DAVIS of Sangerville, FLEMINGS of Bar Harbor, KNIGHT of  
Livermore Falls, LANGLEY of Ellsworth, NASS of Acton, Speaker PINGREE of North  
Haven, PIOTTI of Unity, RUSSELL of Portland, TRINWARD of Waterville, WHEELER of  
Kittery, Senators: BARTLETT of Cumberland, GERZOFSKY of Cumberland, GOODALL of  
Sagadahoc, NASS of York, NUTTING of Androscoggin, SULLIVAN of York.

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

2 **Sec. 1. 36 MRSA §5122, sub-§2, ¶AA**, as corrected by RR 2007, c. 2, §23, is  
3 amended to read:

4 AA. For taxable years beginning on or after January 1, 2009, an amount equal to the  
5 net decrease in the depreciation deductions allowable under sections 167 and 168 of  
6 the Code that would have been applicable to that property had the 50% bonus  
7 depreciation deduction under Section 103 of the Economic Stimulus Act of 2008,  
8 Public Law 110-185 not been claimed with respect to such property for which an  
9 addition was required under subsection 1, paragraph AA in a prior year.

10 Upon the taxable disposition of property to which this paragraph applies, the amount  
11 of any gain or loss includable in federal adjusted gross income must be adjusted for  
12 Maine income tax purposes by an amount equal to the difference between the  
13 addition modification for such property under subsection 1, paragraph AA and the  
14 subtraction modifications allowed pursuant to this paragraph.

15 The total amount of subtraction claimed for property under this paragraph for all tax  
16 years may not exceed the addition modification under subsection 1, paragraph AA for  
17 the same property; and

18 **Sec. 2. 36 MRSA §5122, sub-§2, ¶BB**, as reallocated by RR 2007, c. 2, §24, is  
19 amended to read:

20 BB. The amount of pension benefits to the extent included in federal adjusted gross  
21 income under a military retirement plan as defined in paragraph M that exceed the  
22 amount of military retirement plan pension benefits deducted under paragraph M and  
23 that are received by a person who practices as a licensed dentist in this State for an  
24 average of at least 20 hours per week during the tax year and who accepts patients  
25 who receive benefits under the MaineCare program administered under Title 22,  
26 chapter 855-; and

27 **Sec. 3. 36 MRSA §5122, sub-§2, ¶CC** is enacted to read:

28 CC. For each individual who is a primary recipient of pension benefits under a  
29 military retirement plan as defined in paragraph M and who operates a business in the  
30 State with at least one employee who is not related to the individual, an amount equal  
31 to 50% of the benefits received under the military retirement plan. The subtraction  
32 allowed under this paragraph may not be claimed by an individual who claims the  
33 subtraction allowed under paragraph M.

34 **SUMMARY**

35 This bill provides an income tax deduction for 50% of military retirement benefits for  
36 a veteran who operates a business in the State with at least one employee who is not  
37 related to the veteran.