

MAINE STATE LEGISLATURE

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126th MAINE LEGISLATURE

SECOND REGULAR SESSION-2014

Legislative Document

No. 1839

H.P. 1321

House of Representatives, March 20, 2014

An Act To Increase the Deduction for Pension Income

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative BENNETT of Kennebunk. (GOVERNOR'S BILL)

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

2 **Sec. 1. 36 MRSA §5122, sub-§2, ¶M-1**, as enacted by PL 2011, c. 657, Pt. R, §2
3 and affected by §3, is amended to read:

4 M-1. For tax years beginning on or after January 1, 2014, for each individual who is
5 a primary recipient of retirement plan benefits under an employee retirement plan or
6 an individual retirement account, an amount that is the lesser of the aggregate of
7 retirement plan benefits under employee retirement plans or individual retirement
8 accounts included in the individual's federal adjusted gross income and the pension
9 deduction amount reduced by the total amount of the individual's social security
10 benefits and railroad retirement benefits paid by the United States, but not less than
11 \$0. The social security benefits and railroad retirement benefits reduction does not
12 apply to benefits paid under a military retirement plan.

13 For purposes of this paragraph, the following terms have the following meanings.

14 (1) "Employee retirement plan" means a state, federal or military retirement plan
15 or any other retirement benefit plan established and maintained by an employer
16 for the benefit of its employees under the Code, Section 401(a), Section 403 or
17 Section 457(b), except that distributions made pursuant to a Section 457(b) plan
18 are not eligible for the deduction provided by this paragraph if they are made
19 prior to age 55 and are not part of a series of substantially equal periodic
20 payments made for the life of the primary recipient or the joint lives of the
21 primary recipient and that recipient's designated beneficiary.

22 (2) "Individual retirement account" means an individual retirement account
23 under Section 408 of the Code, a Roth IRA under Section 408A of the Code, a
24 simplified employee pension under Section 408(k) of the Code or a simple
25 retirement account for employees under Section 408(p) of the Code.

26 (3) "Military retirement plan" means benefits received as a result of service in
27 the active or reserve components of the Army, Navy, Air Force, Marines or Coast
28 Guard.

29 (4) "Pension deduction amount" means ~~\$10,000~~ \$30,000 for tax years beginning
30 on or after January 1, 2014.

31 (5) "Primary recipient" means the individual upon whose earnings or
32 contributions the retirement plan benefits are based or the surviving spouse of
33 that individual.

34 (6) "Retirement plan benefits" means employee retirement plan benefits, except
35 pick-up contributions for which a subtraction is allowed under paragraph E,
36 reported as pension or annuity income for federal income tax purposes and
37 individual retirement account benefits reported as individual retirement account
38 distributions for federal income tax purposes. "Retirement plan benefits" does
39 not include distributions that are subject to the tax imposed by the Code, Section
40 72(t);

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SUMMARY

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This bill increases the maximum Maine individual income tax pension deduction

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amount from \$10,000 to \$30,000 for tax years beginning on or after January 1, 2014.