

# MAINE STATE LEGISLATURE

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# 127th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2015

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Legislative Document

No. 1070

S.P. 373

In Senate, March 24, 2015

### An Act To Retain More Retirees in Maine

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST  
Secretary of the Senate

Presented by Representative SCHNECK of Bangor.  
Cosponsored by Senators: BURNS of Washington, DAVIS of Piscataquis, HAMPER of  
Oxford, KATZ of Kennebec, Representatives: BLACK of Wilton, HILLIARD of Belgrade.

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

2 **Sec. 1. 36 MRSA §4102, sub-§5**, as enacted by PL 2011, c. 380, Pt. M, §9, is  
3 repealed and the following enacted in its place:

4 **5. Maine exclusion amount.** "Maine exclusion amount" means:

5 A. For deaths occurring before January 1, 2015, \$2,000,000;

6 B. For deaths occurring in 2015, \$3,000,000;

7 C. For deaths occurring in 2016, \$4,000,000;

8 D. For deaths occurring in 2017, \$5,000,000; and

9 E. For deaths occurring on or after January 1, 2018, an amount equal to the  
10 applicable federal exclusion amount.

11 **Sec. 2. 36 MRSA §5122, sub-§2, ¶M-1**, as amended by PL 2013, c. 546, §13, is  
12 further amended to read:

13 M-1. For tax years beginning on or after January 1, 2014, and before January 1,  
14 2015, for each individual who is a primary recipient of retirement plan benefits under  
15 an employee retirement plan or an individual retirement account, an amount that is  
16 the lesser of the aggregate of retirement plan benefits under employee retirement  
17 plans or individual retirement accounts included in the individual's federal adjusted  
18 gross income and the pension deduction amount reduced by the total amount of the  
19 individual's social security benefits and railroad retirement benefits paid by the  
20 United States, but not less than \$0. The social security benefits and railroad  
21 retirement benefits reduction does not apply to benefits paid under a military  
22 retirement plan.

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

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

32 (2) "Individual retirement account" means an individual retirement account  
33 under Section 408 of the Code, a Roth IRA under Section 408A of the Code, a  
34 simplified employee pension under Section 408(k) of the Code or a simple  
35 retirement account for employees under Section 408(p) of the Code.

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

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

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

6 (6) "Retirement plan benefits" means employee retirement plan benefits, except  
7 pick-up contributions for which a subtraction is allowed under paragraph E,  
8 reported as pension or annuity income for federal income tax purposes and  
9 individual retirement account benefits reported as individual retirement account  
10 distributions for federal income tax purposes. "Retirement plan benefits" does  
11 not include distributions that are subject to the tax imposed by the Code, Section  
12 72(t);

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

14 M-2. For tax years beginning on or after January 1, 2015 and before January 1, 2018,  
15 for each individual who is a primary recipient of retirement plan benefits under an  
16 employee retirement plan or an individual retirement account, an amount that is the  
17 lesser of the aggregate of retirement plan benefits under employee retirement plans or  
18 individual retirement accounts included in the individual's federal adjusted gross  
19 income and the pension deduction amount. For tax years beginning on or after  
20 January 1, 2018, for each individual who is a primary recipient of retirement plan  
21 benefits under an employee retirement plan or an individual retirement account, an  
22 amount that is the aggregate of retirement plan benefits under employee retirement  
23 plans or individual retirement accounts included in the individual's federal adjusted  
24 gross income.

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

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

34 (2) "Individual retirement account" means an individual retirement account  
35 under Section 408 of the Code, a Roth IRA under Section 408A of the Code, a  
36 simplified employee pension under Section 408(k) of the Code or a simple  
37 retirement account for employees under Section 408(p) of the Code.

38 (3) "Pension deduction amount" means \$10,000 for tax years beginning in 2015,  
39 \$25,000 for tax years beginning in 2016 and \$40,000 for tax years beginning in  
40 2017.

41 (4) "Primary recipient" means the individual upon whose earnings or  
42 contributions the retirement plan benefits are based or the surviving spouse of  
43 that individual.

