

MAINE STATE LEGISLATURE

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Date: 2/2/16

L.D. 1506
(Filing No. H-510)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1029, L.D. 1506, Bill, "An Act To Make Additional Technical Changes to Recently Enacted Tax Legislation Concerning Pension Income"

Amend the bill by incorporating the attached fiscal note.

SUMMARY

This amendment incorporates a fiscal note.

COMMITTEE AMENDMENT

**127th MAINE LEGISLATURE****LD 1506****LR 2434(02)****An Act To Make Additional Technical Changes to Recently Enacted Tax Legislation Concerning Pension Income**

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-510)
Committee: Taxation
Fiscal Note Required: Yes

Fiscal Note

Avoids unintended tax increase
Decrease to unbudgeted General Fund revenue

Fiscal Detail and Notes

Legislation in 2015 removed the limit on the amount of military pension benefits that can be deducted under the Maine income tax. The interaction of two bills to accomplish this inadvertently removed language that already exists to exempt military pensions from the offset for social security benefits and railroad retirement benefits. There is widespread agreement that striking that language was not intentional. This bill reinstates the exemption for military pensions from the offset for social security benefits and railroad retirement benefits. Failure to pass this bill will result in a tax increase of an estimated \$3,000,000 on approximately 5,300 tax returns for the 2015 tax year. As this unintended tax increase was never officially recognized ("booked") into revenue when it became law, reinstating the exemption will not require recognition of a revenue decrease.

Tax forms for 2015 have been constructed assuming quick passage of this bill.