

MAINE STATE LEGISLATURE

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128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 935

H.P. 663

House of Representatives, March 9, 2017

An Act To Exempt from Taxation Certain Out-of-state Pensions

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative BLUME of York.
Cosponsored by Representative TURNER of Burlington, Senator HILL of York and
Representatives: CAMPBELL of Orrington, HARLOW of Portland, HYMANSON of York.

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

2 **Sec. 1. 36 MRSA §5122, sub-§2, ¶PP** is enacted to read:

3 PP. For tax years beginning on or after January 1, 2018, to the extent included in
4 federal adjusted gross income, an amount equal to the amount of the taxpayer's
5 contribution to a pension plan. This paragraph does not apply to amounts deducted
6 under paragraph M-1 or to a taxpayer who does not meet the requirements of
7 subparagraph (1).

8 (1) The subtraction allowed pursuant to this paragraph is permitted only for a
9 taxpayer who:

10 (a) Made all of the contributions to the pension plan while residing in
11 another jurisdiction that allows a similar modification by a former resident of
12 this State for contributions made to a pension plan while a resident of this
13 State; and

14 (b) Paid income taxes on the amount contributed to the pension plan.

15 (2) As used in this paragraph, unless the context otherwise indicates, the
16 following terms have the following meanings.

17 (a) "Another jurisdiction" means another state or territory of the United
18 States, a political subdivision of such a state or territory and the District of
19 Columbia.

20 (b) "Contribution" means the total amount paid by a taxpayer to a pension
21 plan divided by the life expectancy of that member, as determined by the
22 United States Social Security Administration.

23 (c) "Employee retirement plan" has the same meaning as in paragraph M-1.

24 (d) "Individual retirement account" has the same meaning as in paragraph
25 M-1.

26 (e) "Pension plan" means an employee retirement plan or an individual
27 retirement account.

28 **SUMMARY**

29 This bill exempts from Maine income tax certain income from out-of-state pensions
30 in order to avoid double taxation of that income. The exemption is only for the amount of
31 the contribution made by the taxpayer divided by the life expectancy of the taxpayer and
32 applies only if the income is included in federal adjusted gross income and not deducted
33 under the general pension deduction.

34 In order to qualify for the exemption, the contribution must have been made using
35 income on which income tax was paid and is available only if the state in which the
36 taxpayer resided at the time of the contribution provides a similar exemption to a former
37 resident of Maine.