

# MAINE STATE LEGISLATURE

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# 129th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2019

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Legislative Document

No. 561

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H.P. 405

House of Representatives, February 5, 2019

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

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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 Representatives: BAILEY of Saco, DENK of Kennebunk, LANDRY of Farmington, MARTIN of Eagle Lake, McCREIGHT of Harpswell, RYKERSON of Kittery,  
Senator: BREEN of Cumberland.

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

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

3 QQ. For tax years beginning on or after January 1, 2020, 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.