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Legislative Document

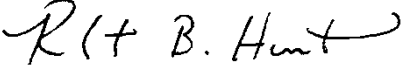
No. 1184

H.P. 862

House of Representatives, March 22, 2021

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

Received by the Clerk of the House on March 18, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.


ROBERT B. HUNT
Clerk

Presented by Representative WADSWORTH of Hiram.

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

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

3 UU. For tax years beginning on or after January 1, 2021, 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 another
11 jurisdiction that allows a similar modification by a former resident of this State
12 for contributions made to a pension plan while a resident of this State; and

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

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

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

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

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

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

24 (e) "Pension plan" means an employee retirement plan or an individual
25 retirement account.

26 **SUMMARY**

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

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