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An Act To Eliminate the Double Taxation of Out-of-state Pensions

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

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

QQ. For tax years beginning on or after January 1, 2019, to the extent included in federal adjusted gross income, an amount equal to the amount of the taxpayer's contribution to an employee retirement plan or an individual retirement account, as those terms are defined in paragraph M-2, upon which income taxes have been paid to another jurisdiction. This paragraph does not apply to amounts deducted under paragraph M-2. For purposes of this paragraph, "another jurisdiction" means another state or territory of the United States, a political subdivision of such a state or territory and the District of Columbia.

SUMMARY

This bill eliminates double taxation of certain employee contributions to retirement benefit plans made in other states by exempting from Maine income tax the portion of retirement benefits attributable to the taxpayer's contribution to an employee retirement plan or an individual retirement account that was taxed by another jurisdiction if those benefits are included in federal adjusted gross income.