



# 127th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2015

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Legislative Document

No. 280

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H.P. 198

House of Representatives, February 5, 2015

**An Act To Exempt Military Pensions and Survivor Benefits from  
Maine Income Tax**

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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 GINZLER of Bridgton.  
Cosponsored by Representative CAMPBELL of Orrington, Senator HAMPER of Oxford and  
Representatives: DILLINGHAM of Oxford, ESPLING of New Gloucester, LYFORD of  
Eddington, SIROCKI of Scarborough, VACHON of Scarborough, VEROW of Brewer,  
WINSOR of Norway, Senator: BRAKEY of Androscoggin.

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

2 **Sec. 1. 36 MRSA §5122, sub-§2, ¶M-1**, as amended by PL 2013, c. 546, §13, is  
3 further amended to read:

4 M-1. For tax years beginning on or after January 1, 2014, for each individual who is  
5 a primary recipient of retirement plan benefits under an employee retirement plan or  
6 an individual retirement account, an amount that is the lesser of the aggregate of  
7 retirement plan benefits under employee retirement plans or individual retirement  
8 accounts included in the individual's federal adjusted gross income and the pension  
9 deduction amount reduced by the total amount of the individual's social security  
10 benefits and railroad retirement benefits paid by the United States, but not less than  
11 \$0. ~~The social security benefits and railroad retirement benefits reduction does not~~  
12 ~~apply to benefits paid under a military retirement plan.~~

13 For purposes of this paragraph, the following terms have the following meanings.

14 (1) "Employee retirement plan" means a state, or federal ~~or military~~ retirement  
15 plan or any other retirement benefit plan established and maintained by an  
16 employer for the benefit of its employees under the Code, Section 401(a), Section  
17 403 or Section 457(b), except that distributions made pursuant to a Section  
18 457(b) plan are not eligible for the deduction provided by this paragraph if they  
19 are made prior to age 55 and are not part of a series of substantially equal  
20 periodic payments made for the life of the primary recipient or the joint lives of  
21 the primary recipient and that recipient's designated beneficiary. "Employee  
22 retirement plan" does not include a military retirement plan or survivor benefits  
23 under such a plan.

24 (2) "Individual retirement account" means an individual retirement account  
25 under Section 408 of the Code, a Roth IRA under Section 408A of the Code, a  
26 simplified employee pension under Section 408(k) of the Code or a simple  
27 retirement account for employees under Section 408(p) of the Code.

28 (3) "Military retirement plan" means retirement plan benefits received as a result  
29 of service in the active or reserve components of the Army, Navy, Air Force,  
30 Marines or Coast Guard.

31 (4) "Pension deduction amount" means \$10,000 for tax years beginning on or  
32 after January 1, 2014.

33 (5) "Primary recipient" means the individual upon whose earnings or  
34 contributions the retirement plan benefits are based or the surviving spouse of  
35 that individual.

36 (6) "Retirement plan benefits" means employee retirement plan benefits, except  
37 pick-up contributions for which a subtraction is allowed under paragraph E,  
38 reported as pension or annuity income for federal income tax purposes and  
39 individual retirement account benefits reported as individual retirement account  
40 distributions for federal income tax purposes. "Retirement plan benefits" does  
41 not include distributions that are subject to the tax imposed by the Code, Section  
42 72(t);

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

M-2. For tax years beginning on or after January 1, 2015, benefits received under a military retirement plan, including survivor benefits. For the purposes of this paragraph, "military retirement plan" means retirement plan benefits received as a result of service in the active or reserve components of the Army, Navy, Air Force, Marines or Coast Guard;

**Sec. 3. Application.** This Act applies to tax years beginning on or after January 1, 2015.

**SUMMARY**

This bill provides an income tax exemption for benefits received under a military retirement plan, including survivor benefits.