



# 131st MAINE LEGISLATURE

LD 457

LR 2184(02)

## An Act to Amend Maine's Tax Laws

**Fiscal Note for Bill as Amended by Committee Amendment " "**

**Committee: Taxation**

**Fiscal Note Required: Yes**

### Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$22,812,000	(\$17,812,500)	(\$19,076,000)
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$39,836,000	\$0	\$0
<b>Revenue</b>				
General Fund	\$0	\$17,024,000	\$17,812,500	\$19,076,000
Other Special Revenue Funds	\$0	\$896,000	\$937,500	\$1,004,000

#### Fiscal Detail and Notes

The provisions included in this legislation will result in a net cost to the General Fund of \$22,812,000 in fiscal year 2024-25 and net savings to the General Fund of \$17,812,500 in fiscal year 2025-26 and \$19,076,000 in fiscal year 2026-27.

First, this bill establishes a phaseout of the individual income tax pension deduction for non-military pensions based on the taxpayer's adjusted gross income for tax years beginning on or after January 1, 2024. It will increase General Fund revenue by \$17,024,000 and increase Local Government Fund revenue by \$896,000 in fiscal year 2024-25.

This bill also provides that, for fiscal year 2024-25 only, the cost-of-living adjustment (COLA) awarded to retired state employees and teachers and their beneficiaries applies to the first \$40,000 of the retirement benefit. According to the Maine Public Employees Retirement System, this provision will create an unfunded actuarial liability (UAL) totaling \$39,836,000 that, pursuant to the Maine Constitution, will have to be funded immediately. This bill includes a one-time General Fund appropriation in that amount to the Retirement Allowance Fund within the Maine Public Employees Retirement System in fiscal year 2024-25 to pay for the cost of the COLA provision.