



128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 1247

H.P. 870

House of Representatives, March 30, 2017

An Act To Repeal the Income Tax on Pick-up Contributions Paid to the Maine Public Employees Retirement System and To Clarify the Taxation of Pick-up Contributions Distributed in the Form of a Rollover

Submitted by the Department of Administrative and Financial Services pursuant to Joint Rule 204.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative POULIOT of Augusta.

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

2 **Sec. 1. 36 MRSA §5122, sub-§1, ¶G**, as amended by PL 2011, c. 240, §30, is
3 repealed.

4 **Sec. 2. 36 MRSA §5122, sub-§2, ¶E**, as amended by PL 1999, c. 414, §40 and
5 affected by §57 and amended by PL 2007, c. 58, §3, is further amended to read:

6 E. Pick-up contributions paid to the taxpayer by the Maine Public Employees
7 Retirement System or distributed as the result of a rollover, whether or not included
8 in federal adjusted gross income, that have been previously taxed under this Part. For
9 tax years beginning on or after January 1, 2017, in the case of a distribution as a
10 result of a rollover, the modification allowed under this paragraph may be subtracted
11 fully or in part during the tax year of the rollover. Any amount not subtracted in the
12 tax year of the rollover may be subtracted within the 2 tax years immediately
13 following the year of the rollover, except that the total amount subtracted over the
14 3-year period may not exceed the pick-up contributions that have been previously
15 taxed under this Part;

16 **Sec. 3. Application.** This Act applies to tax years beginning on or after January 1,
17 2017.

18 **SUMMARY**

19 This bill repeals the individual income tax addition modification for state
20 contributions to the Maine Public Employees Retirement System on behalf of the
21 taxpayer and allows the subtraction modification for pick-up contributions distributed to
22 the taxpayer in the form of a rollover to be subtracted from taxable income within a 3-
23 year period beginning with the year of the rollover. The changes apply to tax years
24 beginning on or after January 1, 2017.