



# 127th MAINE LEGISLATURE

LD 1506

LR 2434(03)

## An Act To Make Additional Technical Changes to Recently Enacted Tax Legislation Concerning Pension Income

Fiscal Note for Bill as Engrossed with:

C "A" (H-510)

Committee: Taxation

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### Fiscal Note

Avoids unintended tax increase  
Decrease to unbudgeted General Fund revenue

#### Fiscal Detail and Notes

Legislation in 2015 removed the limit on the amount of military pension benefits that can be deducted under the Maine income tax. The interaction of two bills to accomplish this inadvertently removed language that already existed to exempt military pensions from the offset for social security benefits and railroad retirement benefits. There is widespread agreement that striking that language was not intentional. This bill reinstates the exemption for military pensions from the offset for social security benefits and railroad retirement benefits. Failure to pass this bill will result in a tax increase of an estimated \$3,000,000 on approximately 5,300 tax returns for the 2015 tax year. As this unintended tax increase was never officially recognized ("booked") into revenue when it became law, reinstating the exemption will not require recognition of a revenue decrease.

Tax forms for 2015 have been constructed assuming quick passage of this bill.