



HOUSE OF REPRESENTATIVES

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Testimony of Rep. Jan Dodge presenting
LD 1227, An Act To Provide Equity in the State Income Tax Deduction for Certain Public Employees Retirement System Pensions
Before the Joint Standing Committee on Taxation

Good afternoon, Senator Chipman, Representative Terry and esteemed members of the Joint Standing Committee on Taxation. I am Representative Jan Dodge of House District 97 which includes Belfast, Northport and Waldo. I am here to present **LD 1227, An Act To Provide Equity in the State Income Tax Deduction for Certain Public Employees Retirement System Pensions.**

This bill is a reboot of Senator Bellows' bill, LD 162, from the 129th that passed both the House and Senate but unfortunately died on the Appropriations Table. LD 1227, like LD 162, would achieve tax parity with Social Security through \$5,000 incremental increases per year until 2025.

It is relevant to know that the people affected by this law are the people who joined the Maine Public Employees Retirement System (MEPERS) rather than Social Security under what could be described as questionable circumstances. This story rivals the book of Job in enumerated trials and tribulations.

These are the retired teachers who have had their Cost of Living Adjustments (COLA's) cut to balance state budgets, and who have had their pension benefits reduced through increasing health insurance costs. This occurred through the historic assigned responsibility for a larger percentage of their health insurance costs than other state workers, in addition to the passage of LD 1626, which years ago promised lower health insurance premiums through the breakup of health insurance risk pools. That bill did not deliver the promised reductions.

These are the people who approached retirement age only to be told they had to work more years to qualify for their expected benefit. This specific atrocity meant that a thirty-three-year career needed to be extended to thirty-eight to forty-three years in order to qualify without penalty. My testimony would not be complete without indicating the discriminatory damage this last change caused for mothers who stayed home to raise their children at intervals throughout their teaching

careers. I believe your committee recently heard LD 548, Representative Doore's bill, on this very topic.

I must also bring to your attention that teachers who work summer jobs to supplement their income and earn their Social Security quarters are further harmed with federal benefit reductions through the Windfall Elimination Provision (WEP) and the Government Pension Offset as well as reductions in spousal benefits.

Now, let's pause as I restate that current law provides an income tax exemption for all Social Security benefits in addition to a \$10,000 pension exemption for retirement plan benefits. This bill allows it to take until the year 2025 for our retirees in MEPERS to reach pension tax equity with Social Security! Please ponder the weight of that statement for more than just the present moment. Indeed, this collection of public servants has suffered a series of unfortunate events! Please pass LD 1227 to restore some fiscal stability and dignity to the retired teachers of the State of Maine.

Thank you! I will try to answer your questions.