



HONORING OUR VETERANS

A Brief Summary of 2016 Maine Tax Changes

Our nation's veterans earned our respect through a career of public service and sacrifice, and Governor Paul R. LePage wants to make Maine an attractive destination for both current and future military retirees. Earlier this year, the governor proposed a comprehensive two-year budget that contained a number of significant tax reform proposals. While many of the governor's proposals—including dramatically reducing Maine's income tax—were rejected by the Maine Legislature, the LePage Administration was successful in securing the passage of a number of provisions that benefit Maine veterans. Among these were:

- Elimination of the tax on military pensions.
- Reducing the burden of Maine's "death tax" on families.
- Doubling the value of Maine's homestead exemption.

Elimination of the tax on military pensions. Military pension benefits, including survivor benefits, will be completely exempt from state income tax beginning on January 1, 2016. With this important reform, Maine joins 22 other states that honor their veterans by not taxing their pensions. Veterans with civilian employee retirement plan benefits may continue to utilize the \$10,000 pension exemption for qualifying plans.

Reducing the burden of Maine's "death tax" on families. Starting on January 1, 2016, the State of Maine's estate tax will conform with federal estate tax exclusion amount. This important change protects our veterans and their property, and Maine's veterans can rest assured that the businesses and the property they own will be passed on to the next generation instead of being sold off to pay a burdensome tax bill.

Doubling the value of Maine's homestead exemption. Beginning in 2016, the homestead exemption will increase to \$15,000. In 2017, the homestead exemption will double from its current amount, protecting Mainers and veterans from local property tax increases by exempting the first \$20,000 of their home's value from taxation.

