
By: **Delegates Rawlings and Palumbo**
Introduced and read first time: February 9, 2000
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction Modification for Retirement Income**

3 FOR the purpose of including income from certain retirement plans within a certain
4 subtraction modification allowed under the income tax for certain individuals
5 who are at least a certain age or who are disabled or whose spouse is disabled;
6 defining a certain term; providing for the application of this Act; and generally
7 relating to a subtraction modification under the income tax for certain
8 individuals for certain retirement income.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - General
11 Section 10-209
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 1999 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Tax - General**

17 10-209.

18 (A) IN THIS SECTION, "QUALIFIED RETIREMENT PLAN" MEANS:

19 (1) A QUALIFIED RETIREMENT PLAN WITHIN THE MEANING OF § 4974(C)
20 OF THE INTERNAL REVENUE CODE; OR

21 (2) AN ELIGIBLE DEFERRED COMPENSATION PLAN WITHIN THE
22 MEANING OF § 457(B) OF THE INTERNAL REVENUE CODE.

23 [(a)] (B) To determine Maryland adjusted gross income, if, on the last day of
24 the taxable year, a resident is at least 65 years old or is totally disabled or the
25 resident's spouse is totally disabled, an amount is subtracted from federal adjusted
26 gross income equal to the lesser of:

1 (1) the cumulative or total annuity, pension, or endowment income from
2 an employee retirement system OR INCOME FROM A QUALIFIED RETIREMENT PLAN
3 included in federal adjusted gross income; or

4 (2) the maximum annual benefit under the Social Security Act computed
5 under subsection [(b)] (C) of this section, less any payment received as old age,
6 survivors, or disability benefits under the Social Security Act, the Railroad
7 Retirement Act, or both.

8 [(b)] (C) For purposes of subsection [(a)(2)] (B)(2) of this section, the
9 Comptroller:

10 (1) shall determine the maximum annual benefit under the Social
11 Security Act allowed for an individual who retired at age 65 for the prior calendar
12 year; and

13 (2) may allow the subtraction to the nearest \$100.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,
16 1999.