

SENATE BILL 401

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Q3

2000 Regular Session  
0lr2330

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By: **Senators Teitelbaum, Kelley, DeGrange, Della, Munson, Ruben, Astle,  
and Stone**

Introduced and read first time: February 3, 2000  
Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: April 3, 2000

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CHAPTER 524

1 AN ACT concerning

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

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

19 (1) "EMPLOYEE RETIREMENT SYSTEM" MEANS A PLAN:

1 (I) ESTABLISHED AND MAINTAINED BY AN EMPLOYER FOR THE  
 2 BENEFIT OF ITS EMPLOYEES; AND

3 (II) QUALIFIED UNDER § 401(A), §403, OR § 457(B) OF THE INTERNAL  
 4 REVENUE CODE; AND

5 (2) "EMPLOYEE RETIREMENT SYSTEM" DOES NOT INCLUDE:

6 (I) AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY UNDER §  
 7 408 OF THE INTERNAL REVENUE CODE;

8 (II) A ROTH INDIVIDUAL RETIREMENT ACCOUNT UNDER § 408(A) OF  
 9 THE INTERNAL REVENUE CODE;

10 (III) A ROLLOVER INDIVIDUAL RETIREMENT ACCOUNT;

11 (IV) A SIMPLIFIED EMPLOYEE PENSION UNDER INTERNAL  
 12 REVENUE CODE § 408(K); OR

13 (V) AN INELIGIBLE DEFERRED COMPENSATION PLAN UNDER §  
 14 457(F) OF THE INTERNAL REVENUE CODE.

15 ~~(a)~~ (B) To determine Maryland adjusted gross income, if, on the last day of  
 16 the taxable year, a resident is at least 65 years old or is totally disabled or the  
 17 resident's spouse is totally disabled, an amount is subtracted from federal adjusted  
 18 gross income equal to the lesser of:

19 (1) the cumulative or total annuity, pension, or endowment income from  
 20 an employee retirement system ~~OR INCOME FROM A QUALIFIED RETIREMENT PLAN,~~  
 21 ~~AS DEFINED IN § 4974(C) OF THE INTERNAL REVENUE CODE,~~ included in federal  
 22 adjusted gross income; or

23 (2) the maximum annual benefit under the Social Security Act computed  
 24 under subsection ~~(b)~~ (C) of this section, less any payment received as old age,  
 25 survivors, or disability benefits under the Social Security Act, the Railroad  
 26 Retirement Act, or both.

27 ~~(b)~~ (C) For purposes of subsection ~~(a)~~ (B)(2) of this section, the Comptroller:

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

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

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 33 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,  
 34 1999.

