

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1125
Ways and Means

(Delegate Cluster, *et al.*)

Budget and Taxation

Task Force on the Exemption of Law Enforcement Officers' Pensions from
Taxation

This pension bill creates a Task Force on the Exemption of Law Enforcement Officers' Pensions from Taxation. The task force is charged with studying the issue of exempting members of the State Police Retirement System, the Law Enforcement Officers' Pension System, the Local Fire and Police System, any local pension or retirement system for law enforcement officers, and parole and probation officers who are members of the Employees' Retirement System or the Employees' Pension System from State income taxes on their pensions. The task force is required to study: (1) the benefit that members would derive from an exemption; (2) the impact on State revenues and the ongoing structural budget deficit; (3) the impact on the State Retirement and Pension System; and (4) the administrative and legal changes necessary to implement such an exemption. The task force would be staffed by the State Retirement Agency. The task force is required to report its findings to the Governor and the General Assembly on or before December 31, 2004.

The bill is effective June 1, 2004 and sunsets January 31, 2005.

Fiscal Summary

State Effect: None. Any expense reimbursements for task force members and staffing costs for the State Retirement Agency could be handled within existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Income from accidental or special disability retirements is currently exempt from federal and State income tax.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Retirement Agency, Department of Legislative Services

Fiscal Note History: First Reader - March 22, 2004
ncs/mdr Revised - House Third Reader - April 8, 2004

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