

(PRE-FILED)

By: **Delegate Cryor**
Requested: November 15, 2004
Introduced and read first time: January 12, 2005
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction Modification - Military Compensation**

3 FOR the purpose of altering the subtraction modification under the Maryland State
4 income tax for certain military compensation paid or incurred under certain
5 circumstances; providing for the application of this Act; and generally relating to
6 taxation of certain military compensation.

7 BY repealing and reenacting, without amendments,
8 Article - Tax - General
9 Section 10-207(a)
10 Annotated Code of Maryland
11 (2004 Replacement Volume)

12 BY repealing and reenacting, with amendments,
13 Article - Tax - General
14 Section 10-207(p)
15 Annotated Code of Maryland
16 (2004 Replacement Volume)

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

19 **Article - Tax - General**

20 10-207.

21 (a) To the extent included in federal adjusted gross income, the amounts under
22 this section are subtracted from the federal adjusted gross income of a resident to
23 determine Maryland adjusted gross income.

24 (p) (1) The subtraction under subsection (a) of this section includes the first
25 \$15,000 of military pay that is[:

1 (i) received by an individual who is in active service of any branch
2 of the armed forces[; and

3 (ii) attributable to military service of the individual outside the
4 United States].

5 (2) The amount of the subtraction under paragraph (1) of this subsection:

6 (i) is reduced dollar for dollar in the amount by which military pay
7 received by the individual exceeds \$15,000; and

8 (ii) is reduced to zero if the amount of military pay received by the
9 individual exceeds \$30,000.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2005, and shall be applicable to all taxable years beginning after December 31,
12 2004.