

# SENATE BILL 753

Q3

71r2452

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By: **Senators Muse, Britt, Lenett, Peters, Pugh, Raskin, Robey, and Rosapepe**  
Introduced and read first time: February 12, 2007  
Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – 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 altering the computation of the subtraction modification; repealing a certain  
7 limit on the amount of the subtraction modification; providing for the  
8 application of this Act; and generally relating to a subtraction modification  
9 under the Maryland income tax for certain individuals for certain retirement  
10 income.

11 BY repealing and reenacting, with amendments,  
12 Article – Tax – General  
13 Section 10–209  
14 Annotated Code of Maryland  
15 (2004 Replacement Volume and 2006 Supplement)

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

18 **Article – Tax – General**

19 10–209.

20 (a) In this section:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                   (1) “[employee] **QUALIFIED** retirement [system] **PLAN**” means [a  
2 plan]:

3                   (i) [established and maintained by an employer for the benefit  
4 of its employees; and

5                   (ii)] **A RETIREMENT PLAN** qualified under § 401(a), § 403, or §  
6 457(b) of the Internal Revenue Code; [and]

7                   **(II) AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY**  
8 **UNDER § 408 OF THE INTERNAL REVENUE CODE; OR**

9                   **(III) A SIMPLIFIED EMPLOYEE PENSION UNDER § 408(K) OF**  
10 **THE INTERNAL REVENUE CODE; AND**

11                   (2) “[employee] **QUALIFIED** retirement [system] **PLAN**” does not  
12 include:

13                   (i) [an individual retirement account or annuity under § 408 of  
14 the Internal Revenue Code;

15                   (ii)] a Roth individual retirement account under § 408A of the  
16 Internal Revenue Code; **OR**

17                   [(iii) a rollover individual retirement account;

18                   (iv) a simplified employee pension under Internal Revenue Code  
19 § 408(k); or

20                   (v)]**(II)** an ineligible deferred compensation plan under §  
21 457(f) of the Internal Revenue Code.

22           (b) Subject to subsection [(d)] **(C)** of this section, to determine Maryland  
23 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65  
24 years old or is totally disabled or the resident’s spouse is totally disabled, an amount is  
25 subtracted from federal adjusted gross income equal to [the lesser of:

26                   (1) the cumulative or total annuity, pension, or endowment income  
27 from an employee] **THE TOTAL INCOME FROM A QUALIFIED** retirement [system]  
28 **PLAN** included in federal adjusted gross income[; or

1           (2) the maximum annual benefit under the Social Security Act  
2 computed under subsection (c) of this section, less any payment received as old age,  
3 survivors, or disability benefits under the Social Security Act, the Railroad Retirement  
4 Act, or both] **FOR THE TAXABLE YEAR.**

5           (c) [For purposes of subsection (b)(2) of this section, the Comptroller:

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

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

10           (d)] Military retirement income that is included in the subtraction under §  
11 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction  
12 under this section.

13           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 July 1, 2007, and shall be applicable to all taxable years beginning after December 31,  
15 2006.