

HOUSE BILL 479

Q3, J1

4lr0905

By: **Delegates Eckardt, Arentz, Boteler, Elliott, Haddaway–Riccio, Hogan, Jameson, Kach, McComas, McDermott, Otto, and Smigiel**

Introduced and read first time: January 27, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Military Retirement Income – Health Care Practitioners**

3 FOR the purpose of providing a subtraction modification under the Maryland income
4 tax under certain circumstances for certain individuals who receive military
5 retirement income; requiring a taxpayer who claims the subtraction
6 modification to be a health care practitioner licensed by the State; requiring a
7 taxpayer who claims the subtraction modification to receive income attributable
8 to employment as a health care practitioner in certain jurisdictions in the State;
9 requiring the Secretary of Health and Mental Hygiene to submit certain
10 information to the Comptroller each year by a certain date; defining a certain
11 term; making technical changes; providing for the application of this Act; and
12 generally relating to a subtraction modification under the Maryland income tax
13 for certain individuals receiving military retirement income.

14 BY repealing and reenacting, with amendments,
15 Article – Tax – General
16 Section 10–209
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2013 Supplement)

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

21 **Article – Tax – General**

22 10–209.

23 (a) In this section:

24 (1) “employee retirement system” means a plan:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) established and maintained by an employer for the benefit of
2 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 § 408 of
7 the Internal Revenue Code;

8 (ii) a Roth individual retirement account under § 408A of the
9 Internal Revenue Code;

10 (iii) a rollover individual retirement account;

11 (iv) a simplified employee pension under Internal Revenue Code
12 § 408(k); or

13 (v) an ineligible deferred compensation plan under § 457(f) of
14 the Internal Revenue Code; AND

15 (3) **“MILITARY RETIREMENT INCOME” HAS THE MEANING STATED**
16 **UNDER § 10–207(Q) OF THIS SUBTITLE.**

17 (b) Subject to [subsection (d)] **SUBSECTIONS (D) AND (E)** of this section, to
18 determine Maryland adjusted gross income, if, on the last day of the taxable year, a
19 **[resident] TAXPAYER** is at least 65 years old, or is totally disabled or the **[resident’s]**
20 **TAXPAYER’S** spouse is totally disabled, **OR THE TAXPAYER IS AT LEAST 50 YEARS**
21 **OLD AND RECEIVES MILITARY RETIREMENT INCOME**, an amount is subtracted
22 from federal adjusted gross income equal to the lesser of:

23 (1) the cumulative or total annuity, pension, or endowment income
24 from an employee retirement system included in federal adjusted gross income; or

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

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

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

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

2 (d) Military retirement income that is included in the subtraction under §
3 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction
4 under this section.

5 **(E) (1) THIS SUBSECTION DOES NOT APPLY TO A TAXPAYER WHO:**

6 **(I) IS AT LEAST 65 YEARS OLD;**

7 **(II) IS TOTALLY DISABLED; OR**

8 **(III) HAS A SPOUSE WHO IS TOTALLY DISABLED.**

9 **(2) IF A TAXPAYER IS AT LEAST 50 YEARS OLD, THE TAXPAYER**
10 **MAY CLAIM A SUBTRACTION UNDER SUBSECTION (B) OF THIS SECTION ONLY**
11 **FOR MILITARY RETIREMENT INCOME IF THE TAXPAYER:**

12 **(I) IS A HEALTH CARE PRACTITIONER LICENSED BY THE**
13 **STATE DURING THE TAXABLE YEAR IN WHICH THE SUBTRACTION IS CLAIMED;**
14 **AND**

15 **(II) RECEIVES INCOME ATTRIBUTABLE TO EMPLOYMENT AS**
16 **A HEALTH CARE PRACTITIONER IN A COUNTY WHERE THE DEPARTMENT OF**
17 **HEALTH AND MENTAL HYGIENE PROVIDES FINANCIAL INCENTIVES TO**
18 **PROMOTE ACCESS TO MEDICAL CARE IN RURAL AREAS.**

19 **(3) ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE SECRETARY**
20 **OF HEALTH AND MENTAL HYGIENE SHALL SUBMIT TO THE COMPTROLLER A**
21 **LIST OF EACH COUNTY IN WHICH FINANCIAL INCENTIVES WERE AVAILABLE**
22 **DURING THE CALENDAR YEAR TO PROMOTE ACCESS TO MEDICAL CARE IN**
23 **RURAL AREAS.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 July 1, 2014, and shall be applicable to all taxable years beginning after December 31,
26 2013.