

Chapter 125

(Senate Bill 592)

AN ACT concerning

**Income Tax – Subtraction Modification – Military Retirement Income –  
Individuals at Least 65 Years Old**

FOR the purpose of altering ~~for certain taxable years a certain limitation on a subtraction modification under the Maryland income tax for certain military retirement income;~~ a subtraction modification under the State income tax for certain military retirement income for individuals who are at least a certain age; providing for the application of this Act; and generally relating to ~~a subtraction modification for military~~ the State income taxation of certain retirement income.

BY repealing and reenacting, without amendments,  
Article – Tax – General  
Section 10–207(a)  
Annotated Code of Maryland  
(2010 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, with amendments,  
Article – Tax – General  
Section 10–207(q)  
Annotated Code of Maryland  
(2010 Replacement Volume and 2014 Supplement)

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

**Article – Tax – General**

10–207.

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

(q) (1) (i) In this subsection the following words have the meanings indicated.

(ii) “Military service” means:

1. induction into the armed forces of the United States for training and service under the Selective Training and Service Act of 1940 or a subsequent act of a similar nature;

- the United States;
2. membership in a reserve component of the armed forces of the United States;
  3. membership in an active component of the armed forces of the United States;
  4. membership in the Maryland National Guard; or
  5. active duty with the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, or the Coast and Geodetic Survey.

(iii) "Military retirement income" means retirement income received as a result of military service.

~~(2) The subtraction under subsection (a) of this section includes [the first \$5,000 of]:~~

~~(I) THE GREATER OF \$5,000 OR 25% OF THE MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2014, BUT BEFORE JANUARY 1, 2016;~~

~~(II) 50% OF THE MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2015, BUT BEFORE JANUARY 1, 2017;~~

~~(III) 75% OF THE MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2016, BUT BEFORE JANUARY 1, 2018; AND~~

~~(IV) ALL military retirement income received by an individual during [the] A taxable year BEGINNING AFTER DECEMBER 31, 2017.~~

(2) The subtraction under subsection (a) of this section includes:

(I) IF, ON THE LAST DAY OF THE TAXABLE YEAR, THE INDIVIDUAL IS UNDER THE AGE OF 65 YEARS, THE FIRST \$5,000 OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING THE TAXABLE YEAR; AND

(II) IF, ON THE LAST DAY OF THE TAXABLE YEAR, THE INDIVIDUAL IS AT LEAST 65 YEARS OLD, the first [\$5,000] \$10,000 of military retirement income received by an individual during the taxable year.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2015, and shall be applicable to all taxable years beginning after December 31, 2014.

**Approved by the Governor, May 12, 2015.**