
Introduced and read first time: February 9, 2015
Assigned to: Ways and Means

A BILL ENTITLED

AN ACT concerning

Income Tax – Subtraction Modification – Military Retirement Income

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; and generally relating to a subtraction modification for military 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.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [Brackets] indicate matter deleted from existing law.
(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;

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
SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2015.