

# HOUSE BILL 227

Q3

6lr1336

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By: **Delegates Hixson, Beidle, Bromwell, Carey, Chang, Lisanti, Sample-Hughes, and Sophocleus**

Introduced and read first time: January 22, 2016

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification – Retirement Income of Law**  
3 **Enforcement, Fire, Rescue, and Emergency Services Personnel**

4 FOR the purpose of providing a subtraction modification under the Maryland income tax  
5 under certain circumstances for certain retirement income attributable to a  
6 resident’s employment as a law enforcement officer or the individual’s service as fire,  
7 rescue, or emergency services personnel; providing for the application of this Act;  
8 and generally relating to a subtraction modification under the Maryland income tax  
9 for certain retirement income attributable to a resident’s employment as a law  
10 enforcement officer or the individual’s service as fire, rescue, or emergency services  
11 personnel.

12 BY repealing and reenacting, with amendments,  
13 Article – Tax – General  
14 Section 10–209  
15 Annotated Code of Maryland  
16 (2010 Replacement Volume and 2015 Supplement)

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

19 **Article – Tax – General**

20 10–209.

21 (a) In this section:

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

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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 its  
2 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 the  
7 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 the  
14 Internal Revenue Code.

15 (b) Subject to [subsection (d)] **SUBSECTIONS (D) AND (E)** of this section, to  
16 determine Maryland adjusted gross income, if, on the last day of the taxable year, a resident  
17 is at least 65 years old or is totally disabled or the resident’s spouse is totally disabled, **OR**  
18 **THE RESIDENT IS AT LEAST 55 YEARS OLD AND IS A RETIRED LAW ENFORCEMENT**  
19 **OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED**  
20 **STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE**, an amount is  
21 subtracted from federal adjusted gross income equal to the lesser of:

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

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

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

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

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

31 (d) Military retirement income that is included in the subtraction under §  
32 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction  
33 under this section.

1           **(E) IN THE CASE OF A RETIRED LAW ENFORCEMENT OFFICER OR FIRE,**  
2 **RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE**  
3 **STATE, OR A POLITICAL SUBDIVISION OF THE STATE, THE AMOUNT INCLUDED**  
4 **UNDER SUBSECTION (B)(1) OF THIS SECTION IS LIMITED TO THE FIRST \$15,000 OF**  
5 **RETIREMENT INCOME THAT IS ATTRIBUTABLE TO THE RESIDENT'S EMPLOYMENT AS**  
6 **A LAW ENFORCEMENT OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES**  
7 **PERSONNEL OF THE UNITED STATES, THE STATE, OR A POLITICAL SUBDIVISION OF**  
8 **THE STATE UNLESS:**

9                   **(1) THE RESIDENT IS AT LEAST 65 YEARS OLD OR IS TOTALLY**  
10 **DISABLED; OR**

11                   **(2) THE RESIDENT'S SPOUSE IS TOTALLY DISABLED.**

12           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
13 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.