

SENATE BILL 597

Q3

(7lr2332)

ENROLLED BILL

— Budget and Taxation / Ways and Means —

Introduced by **Senators Guzzone ~~and Peters~~, Peters, DeGrange, Kasemeyer, King, Madaleno, and McFadden**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

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

12 BY repealing and reenacting, with amendments,
13 Article – Tax – General

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



1 Section 10–209
 2 Annotated Code of Maryland
 3 (2016 Replacement Volume)

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

6 **Article – Tax – General**

7 10–209.

8 (a) **(1)** In this section: THE FOLLOWING WORDS HAVE THE MEANINGS
 9 INDICATED.

10 **(2)** “EMERGENCY SERVICES PERSONNEL” MEANS EMERGENCY
 11 MEDICAL TECHNICIANS OR PARAMEDICS.

12 ~~(1)~~ **(3)** **(I)** ~~“employee~~ “EMPLOYEE retirement system” means a plan:

13 ~~(i)~~ **1.** established and maintained by an employer for the benefit
 14 of its employees; and

15 ~~(ii)~~ **2.** qualified under § 401(a), § 403, or § 457(b) of the Internal
 16 Revenue Code; ~~and.~~

17 ~~(2)~~ **(II)** ~~“employee~~ “EMPLOYEE retirement system” does not include:

18 ~~(i)~~ **1.** an individual retirement account or annuity under § 408
 19 of the Internal Revenue Code;

20 ~~(ii)~~ **2.** a Roth individual retirement account under § 408A of the
 21 Internal Revenue Code;

22 ~~(iii)~~ **3.** a rollover individual retirement account;

23 ~~(iv)~~ **4.** a simplified employee pension under Internal Revenue
 24 Code § 408(k); or

25 ~~(v)~~ **5.** an ineligible deferred compensation plan under § 457(f) of
 26 the Internal Revenue Code.

27 (b) Subject to [subsection (d)] **SUBSECTIONS (D) AND (E)** of this section, to
 28 determine Maryland adjusted gross income, if, on the last day of the taxable year, a resident
 29 is at least 65 years old or is totally disabled or the resident’s spouse is totally disabled, **OR**
 30 **THE RESIDENT IS AT LEAST ~~55~~ 60 ~~55~~ YEARS OLD AND IS A RETIRED LAW**

1 **ENFORCEMENT OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL**
2 **OF THE UNITED STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE,**
3 an amount is subtracted from federal adjusted gross income equal to the lesser of:

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

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

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

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

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

13 (d) Military retirement income that is included in the subtraction under §
14 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction
15 under this section.

16 **(E) IN THE CASE OF A RETIRED LAW ENFORCEMENT OFFICER OR FIRE,**
17 **RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE**
18 **STATE, OR A POLITICAL SUBDIVISION OF THE STATE, THE AMOUNT INCLUDED**
19 **UNDER SUBSECTION (B)(1) OF THIS SECTION IS LIMITED TO THE FIRST \$15,000 OF**
20 **RETIREMENT INCOME THAT IS ATTRIBUTABLE TO THE RESIDENT’S EMPLOYMENT AS**
21 **A LAW ENFORCEMENT OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES**
22 **PERSONNEL OF THE UNITED STATES, THE STATE, OR A POLITICAL SUBDIVISION OF**
23 **THE STATE UNLESS:**

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

26 **(2) THE RESIDENT’S SPOUSE IS TOTALLY DISABLED.**

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2017, and shall be applicable to all taxable years beginning after December 31, 2016.