Chapter 154

**(House Bill 100)**

AN ACT concerning

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

FOR the purpose of providing a subtraction modification under the Maryland income tax under certain circumstances for certain retirement income attributable to a resident's employment as a law enforcement officer or the individual's service as fire, rescue, or emergency services personnel; <u>defining a certain term;</u> providing for the application of this Act; and generally relating to a subtraction modification under the Maryland income tax for certain retirement income attributable to a resident's employment as a law enforcement officer or the individual's service as fire, rescue, or emergency services personnel.

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–209
Annotated Code of Maryland
(2016 Replacement Volume)

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

**Article – Tax – General**

10–209.

(a) <u>**(1)**</u> In this section~~:~~ <u>**THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**</u>

<u>**(2) "EMERGENCY SERVICES PERSONNEL" MEANS EMERGENCY MEDICAL TECHNICIANS OR PARAMEDICS.**</u>

~~(1)~~ **(3)** <u>**(I)**</u> ~~"employee~~ <u>**"EMPLOYEE**</u> retirement system" means a plan:

~~(i)~~ <u>**1.**</u> established and maintained by an employer for the benefit of its employees; and

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

~~(2)~~ <u>**(II)**</u> ~~"employee~~ <u>**"EMPLOYEE**</u> retirement system" does not include:

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

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

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

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

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

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

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

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

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

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

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

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

**(E) IN THE CASE OF A RETIRED LAW ENFORCEMENT OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE, THE AMOUNT INCLUDED UNDER SUBSECTION (B)(1) OF THIS SECTION IS LIMITED TO THE FIRST $15,000 OF**

**RETIREMENT INCOME THAT IS ATTRIBUTABLE TO THE RESIDENT'S EMPLOYMENT AS A LAW ENFORCEMENT OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE UNLESS:**

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

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

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

**Approved by the Governor, April 18, 2017.**