

HOUSE BILL 296

Q3

(8lr1145)

ENROLLED BILL

— Ways and Means/Budget and Taxation —

Introduced by **Delegates Hixson, Ali, Barkley, Beidle, Buckel, Chang, Ebersole, Fraser-Hidalgo, Healey, C. Howard, Kaiser, Kipke, Kramer, Luedtke, Patterson, Reilly, Rosenberg, Shoemaker, Tarlau, Turner, ~~and A. Washington~~ A. Washington, Afzali, D. Barnes, Hornberger, Jalisi, Long, Mosby, Rose, Simonaire, Walker, M. Washington, and Wilkins**

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.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Retirement Income of Correctional**
3 **Officers**

4 FOR the purpose of ~~altering a certain subtraction modification under the Maryland income~~
5 ~~tax to include certain retirement income attributable to a resident's employment as~~
6 ~~a correctional officer under certain circumstances;~~ *providing a subtraction*
7 *modification under the Maryland income tax under certain circumstances for a*
8 *certain amount of retirement income attributable to certain employment as a*
9 *correctional officer; defining a certain term;* providing for the application of this Act;
10 and generally relating to a subtraction modification under the Maryland income tax

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 for certain retirement income attributable to a resident's employment as a
2 correctional officer.

3 BY repealing and reenacting, with amendments,
4 Article – Tax – General
5 Section 10–209
6 Annotated Code of Maryland
7 (2016 Replacement Volume and 2017 Supplement)

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

10 **Article – Tax – General**

11 10–209.

12 (a) (1) In this section the following words have the meanings indicated.

13 **(2) “CORRECTIONAL OFFICER” MEANS AN INDIVIDUAL WHO:**

14 **(I) WAS EMPLOYED IN:**

15 **1. A STATE CORRECTIONAL FACILITY, AS DEFINED IN §**
16 **1–101 OF THE CORRECTIONAL SERVICES ARTICLE;**

17 **2. A LOCAL CORRECTIONAL FACILITY, AS DEFINED IN §**
18 **1–101 OF THE CORRECTIONAL SERVICES ARTICLE;**

19 **3. A JUVENILE ~~DETENTION~~ FACILITY ~~IN THE STATE~~**
20 **INCLUDED IN § 9–226 OF THE HUMAN SERVICES ARTICLE; OR**

21 **4. A FACILITY OF THE UNITED STATES THAT IS**
22 **EQUIVALENT TO A STATE OR LOCAL CORRECTIONAL FACILITY OR A JUVENILE**
23 **~~DETENTION FACILITY IN THE STATE~~ INCLUDED IN § 9–226 OF THE HUMAN SERVICES**
24 **ARTICLE; AND**

25 **(II) IS ELIGIBLE TO RECEIVE RETIREMENT INCOME**
26 **ATTRIBUTABLE TO THE INDIVIDUAL'S EMPLOYMENT UNDER ITEM (I) OF THIS**
27 **PARAGRAPH.**

28 ~~(2)~~ **(3)** “Emergency services personnel” means emergency medical
29 technicians or paramedics.

30 ~~(2)~~ **(4)** (i) “Employee retirement system” means a plan:

1 1. established and maintained by an employer for the benefit
 2 of its employees; and

3 2. qualified under § 401(a), § 403, or § 457(b) of the Internal
 4 Revenue Code.

5 (ii) “Employee retirement system” does not include:

6 1. an individual retirement account or annuity under § 408
 7 of the Internal Revenue Code;

8 2. a Roth individual retirement account under § 408A of the
 9 Internal Revenue Code;

10 3. a rollover individual retirement account;

11 4. a simplified employee pension under Internal Revenue
 12 Code § 408(k); or

13 5. an ineligible deferred compensation plan under § 457(f) of
 14 the Internal Revenue Code.

15 (b) Subject to subsections (d) and (e) of this section, to determine Maryland
 16 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years
 17 old or is totally disabled or the resident’s spouse is totally disabled, or the resident is at
 18 least 55 years old and is a retired CORRECTIONAL OFFICER, law enforcement ~~OR~~
 19 ~~CORRECTIONAL~~ 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 subtracted from
 21 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 CORRECTIONAL OFFICER, law enforcement ~~OR~~
2 ~~CORRECTIONAL~~ officer, or fire, rescue, or emergency services personnel of the United
3 States, the State, or a political subdivision of the State, the amount included under
4 subsection (b)(1) of this section is limited to the first \$15,000 of retirement income that is
5 attributable to the resident's employment as a CORRECTIONAL OFFICER, A law
6 enforcement ~~OR-CORRECTIONAL~~ officer, or fire, rescue, or emergency services personnel
7 of the United States, the State, or a political subdivision of the State unless:

8 (1) the resident is at least 65 years old or is totally disabled; or

9 (2) the resident's spouse is totally disabled.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.