

HOUSE BILL 802

Q3
HB 1444/17 – W&M

8lr2294

By: **Delegates Fisher, Arentz, Buckel, Cassilly, Clark, Folden, Glass, Hornberger, S. Howard, Jacobs, Kipke, Kittleman, Krebs, Malone, McComas, McKay, Miele, W. Miller, Morgan, Otto, Reilly, Rose, Saab, Shoemaker, Szeliga, Vogt, and West**

Introduced and read first time: February 1, 2018
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Retire in Maryland Act of 2018**

3 FOR the purpose of including income from certain retirement plans and certain unearned
4 income sources within a certain subtraction modification allowed under the
5 Maryland income tax for certain individuals who are at least a certain age or who
6 are disabled or whose spouse is disabled; repealing a certain obsolete provision
7 relating to a certain retirement plan; repealing a limitation on the maximum amount
8 of a subtraction modification allowed under the State income tax for certain
9 retirement income of certain individuals; providing that income included in certain
10 subtraction modifications may not be taken into account for purposes of a certain
11 subtraction modification allowed under the Maryland income tax for certain
12 individuals who are at least a certain age or who are disabled or whose spouse is
13 disabled; altering a certain definition; defining a certain term; providing for the
14 application of this Act; and generally relating to a subtraction modification under
15 the Maryland income tax for retirement income and income from certain unearned
16 income sources.

17 BY repealing and reenacting, with amendments,
18 Article – Tax – General
19 Section 10–209
20 Annotated Code of Maryland
21 (2016 Replacement Volume and 2017 Supplement)

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

24 **Article – Tax – General**

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



1 10-209.

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

3 (2) "Emergency services personnel" means emergency medical technicians
4 or paramedics.

5 (3) [(i) "Employee retirement system"] **"QUALIFIED RETIREMENT**
6 **PLAN"** means [a plan]:

7 [1. established and maintained by an employer for the benefit
8 of its employees; and]

9 [2.] **(I) A RETIREMENT PLAN** qualified under § 401(a), §
10 403, or § 457(b) of the Internal Revenue Code[.];

11 [(ii) "Employee retirement system" does not include:]

12 [1.] **(II)** an individual retirement account or annuity under
13 § 408 of the Internal Revenue Code;

14 [2.] **(III)** a Roth individual retirement account under § 408A
15 of the Internal Revenue Code;

16 [3. a rollover individual retirement account;]

17 [4.] **(IV)** a simplified employee pension under Internal
18 Revenue Code § 408(k); or

19 [5.] **(V)** an ineligible deferred compensation plan under §
20 457(f) of the Internal Revenue Code.

21 (4) (I) **"UNEARNED INCOME SOURCE" MEANS INCOME FROM:**

22 1. **AN ANNUITY, A PENSION, OR AN ENDOWMENT; OR**

23 2. **THE PAYMENT OF INTEREST, DIVIDENDS, OR ANY**
24 **OTHER DISTRIBUTION FROM AN INVESTMENT.**

25 (II) **"UNEARNED INCOME SOURCE" DOES NOT INCLUDE:**

26 1. **WAGES, SALARIES, TIPS, AND OTHER EMPLOYEE**
27 **COMPENSATION; OR**

28 2. **THE AMOUNT OF A RESIDENT'S NET EARNINGS FROM**

1 **SELF-EMPLOYMENT FOR THE TAXABLE YEAR.**

2 (b) Subject to subsections **(C) AND** (d) [and (e)] of this section, to determine
3 Maryland adjusted gross income, if, on the last day of the taxable year, a resident is at least
4 65 years old or is totally disabled or the resident's spouse is totally disabled, or the resident
5 is at least 55 years old and is a retired law enforcement officer or fire, rescue, or emergency
6 services personnel of the United States, the State, or a political subdivision of the State, an
7 amount is subtracted from federal adjusted gross income equal to [the lesser of:

8 (1) the cumulative or total annuity, pension, or endowment income from an
9 employee] **THE TOTAL INCOME FROM A QUALIFIED** retirement [system] **PLAN OR AN**
10 **UNEARNED INCOME SOURCE** included in federal adjusted gross income[; or

11 (2) the maximum annual benefit under the Social Security Act computed
12 under subsection (c) of this section, less any payment received as old age, survivors, or
13 disability benefits under the Social Security Act, the Railroad Retirement Act, or both] **FOR**
14 **THE TAXABLE YEAR.**

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

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

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

19 (d) Military retirement income that is included in the subtraction under §
20 10-207(q) of this subtitle may not be taken into account for purposes of the subtraction
21 under this section.]

22 **(C) ANY INCOME THAT IS INCLUDED IN THE SUBTRACTIONS UNDER §**
23 **10-207 OR § 10-208 OF THIS SUBTITLE MAY NOT BE TAKEN INTO ACCOUNT FOR THE**
24 **PURPOSES OF THE SUBTRACTION UNDER THIS SECTION.**

25 [(e) **(D)** In the case of a retired law enforcement officer or fire, rescue, or
26 emergency services personnel of the United States, the State, or a political subdivision of
27 the State, the amount included under subsection [(b)(1)] **(B)** of this section is limited to the
28 first \$15,000 of retirement income that is attributable to the resident's employment as a
29 law enforcement officer or fire, rescue, or emergency services personnel of the United
30 States, the State, or a political subdivision of the State unless:

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

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

33 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect July
34 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.