

SENATE BILL 829

Q3
SB 238/17 – B&T

8lr2008

By: **Senators Eckardt, Bates, Edwards, Guzzone, Hershey, Hough, Jennings, and Serafini**

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification – Retirement Income**
3 **(Fairness in Taxation for Retirees Act)**

4 FOR the purpose of including income from certain retirement plans within a certain
5 subtraction modification allowed under the Maryland income tax for certain
6 individuals who are at least certain ages or who are disabled or whose spouse is
7 disabled; repealing a certain obsolete provision relating to a certain retirement plan;
8 providing for the application of this Act; and generally relating to a subtraction
9 modification under the Maryland income tax for certain individuals for certain
10 retirement income.

11 BY repealing and reenacting, with amendments,
12 Article – Tax – General
13 Section 10–209
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2017 Supplement)

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

18 **Article – Tax – General**

19 10–209.

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

21 (2) “Emergency services personnel” means emergency medical technicians
22 or paramedics.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (3) [(i) “Employee retirement system”] **“QUALIFIED RETIREMENT**
 2 **PLAN”** means [a plan]:

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

5 [2.] **(I) A RETIREMENT PLAN** qualified under § 401(a), §
 6 403, or § 457(b) of the Internal Revenue Code[.];

7 [(ii) “Employee retirement system” does not include:]

8 [1.] **(II)** an individual retirement account or annuity under
 9 § 408 of the Internal Revenue Code;

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

12 [3. a rollover individual retirement account;]

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

15 [5.] **(V)** an ineligible deferred compensation plan under §
 16 457(f) of the Internal Revenue Code.

17 (b) Subject to subsections (d) and (e) of this section, to determine Maryland
 18 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years
 19 old or is totally disabled or the resident’s spouse is totally disabled, or the resident is at
 20 least 55 years old and is a retired law enforcement officer or fire, rescue, or emergency
 21 services personnel of the United States, the State, or a political subdivision of the State, an
 22 amount is subtracted from federal adjusted gross income equal to the lesser of:

23 (1) [the cumulative or total annuity, pension, or endowment income from
 24 an employee] **THE TOTAL INCOME FROM A QUALIFIED** retirement [system] **PLAN**
 25 included in federal adjusted gross income **FOR THE TAXABLE YEAR**; or

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

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

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

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

1 (d) Military retirement income that is included in the subtraction under
2 § 10-207(q) of this subtitle may not be taken into account for purposes of the subtraction
3 under this section.

4 (e) In the case of a retired law enforcement officer or fire, rescue, or emergency
5 services personnel of the United States, the State, or a political subdivision of the State,
6 the amount included under subsection (b)(1) of this section is limited to the first \$15,000 of
7 retirement income that is attributable to the resident's employment as a law enforcement
8 officer or fire, rescue, or emergency services personnel of the United States, the State, or a
9 political subdivision of the State unless:

10 (1) the resident is at least 65 years old or is totally 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, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.