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By: **Delegates Hixson and Hurson**

Introduced and read first time: February 8, 1999

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction for Retirement Income**

3 FOR the purpose of including income from certain retirement plans within a certain  
4 subtraction modification allowed under the income tax for certain individuals  
5 who are at least a certain age or who are disabled or whose spouse is disabled;  
6 altering the computation of the subtraction modification; providing for the  
7 application of this Act; and generally relating to a subtraction modification  
8 under the income tax for certain individuals for certain retirement income.

9 BY repealing and reenacting, with amendments,

10 Article - Tax - General

11 Section 10-209

12 Annotated Code of Maryland

13 (1997 Replacement Volume and 1998 Supplement)

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

16 **Article - Tax - General**

17 10-209.

18 (a) To determine Maryland adjusted gross income, if, on the last day of the  
19 taxable year, a resident is at least 65 years old or is totally disabled or the resident's  
20 spouse is totally disabled, an amount is subtracted from federal adjusted gross  
21 income equal to the lesser of:

22 (1) the cumulative or total annuity, pension, or endowment income from  
23 an employee retirement system OR INCOME FROM A QUALIFIED RETIREMENT PLAN,  
24 AS DEFINED IN § 4974(C) OF THE INTERNAL REVENUE CODE, included in federal  
25 adjusted gross income; or

26 (2) the maximum annual benefit under the Social Security Act computed  
27 under subsection (b) of this section[, less any payment received as old age, survivors,

1 or disability benefits under the Social Security Act, the Railroad Retirement Act, or  
2 both].

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

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

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

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,  
10 1998.