
By: **Delegates Cryor, Baldwin, Benson, Burns, Conroy, Conway, DeCarlo,
Dembrow, Dypski, Eckardt, Heller, Howard, Kagan, La Vay, Marriott,
Pitkin, Shank, and Walkup**

Introduced and read first time: February 11, 1999

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Credit for Retired Teachers Working as Teachers at an Entry**
3 **Level Salary**

4 FOR the purpose of allowing retired teachers working as teachers after retirement to
5 claim a credit against the State income tax for a certain portion of the difference
6 between the amount paid to the retired teacher as a retirement allowance less
7 the salary paid to the retired teacher; defining certain terms; limiting the
8 amount of the credit; providing for the application of this Act; and generally
9 relating to a State income tax credit for a certain portion of the difference
10 between certain amounts of retirement allowances and salary received by
11 retired teachers who are hired as teachers at a certain salary.

12 BY adding to
13 Article - Tax - General
14 Section 10-712
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 1998 Supplement)

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

19 **Article - Tax - General**

20 10-712.

21 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
22 INDICATED.

23 (2) "ENTRY LEVEL SALARY" MEANS THE STARTING SALARY IN A COUNTY
24 SCHOOL SYSTEM FOR A TEACHER WITH THE MINIMUM QUALIFICATIONS FOR A
25 TEACHING POSITION.

1 (3) "RETIREMENT ALLOWANCE" MEANS A RETIREMENT ALLOWANCE
2 PAID TO AN INDIVIDUAL UNDER THE TEACHERS' RETIREMENT SYSTEM OR THE
3 TEACHERS' PENSION SYSTEM.

4 (B) AN INDIVIDUAL WHO IS A RETIRED TEACHER RECEIVING A RETIREMENT
5 ALLOWANCE AND WHO IS HIRED TO WORK AS A TEACHER IN A COUNTY PUBLIC
6 SCHOOL SYSTEM AT AN ENTRY LEVEL SALARY MAY CLAIM A CREDIT AGAINST THE
7 STATE INCOME TAX FOR A TAXABLE YEAR IN AN AMOUNT EQUAL TO:

8 (1) 80% OF THE AMOUNT BY WHICH THE RETIREMENT ALLOWANCE
9 EXCEEDS THE ENTRY LEVEL SALARY PAID TO THE INDIVIDUAL IN THE INDIVIDUAL'S
10 FIRST TAXABLE YEAR OF EMPLOYMENT; AND

11 (2) 60% OF THE AMOUNT BY WHICH THE RETIREMENT ALLOWANCE
12 EXCEEDS THE ENTRY LEVEL SALARY PAID TO THE INDIVIDUAL IN EACH OF THE
13 SUCCEEDING 4 TAXABLE YEARS.

14 (C) THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR MAY
15 NOT EXCEED THE STATE INCOME TAX IMPOSED FOR THAT TAXABLE YEAR,
16 CALCULATED BEFORE THE APPLICATION OF THE CREDITS UNDER THIS SECTION
17 AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE BUT AFTER THE APPLICATION OF ANY
18 OTHER CREDITS ALLOWED UNDER THIS SUBTITLE.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,
21 1998.