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By: **Senators Stone and Della**  
Introduced and read first time: February 2, 2000  
Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction Modification for Retirement Income - Rollovers to**  
3 **Qualified Retirement Plans**

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 retirement income under certain circumstances; providing for the application of  
7 this Act; and generally relating to an income tax subtraction modification for  
8 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 1999 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 included in federal adjusted gross income; or

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

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

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

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

5       (C)       FOR PURPOSES OF THIS SECTION, A DISTRIBUTION FROM A QUALIFIED  
6 RETIREMENT PLAN, AS DEFINED IN § 4974(C) OF THE INTERNAL REVENUE CODE,  
7 SHALL BE TREATED AS INCOME FROM AN EMPLOYEE RETIREMENT SYSTEM TO THE  
8 EXTENT THAT CONTRIBUTIONS TO THE QUALIFIED RETIREMENT PLAN CONSISTED  
9 OF THE TAX-FREE ROLLOVER OF A DISTRIBUTION FROM THE EMPLOYEE  
10 RETIREMENT SYSTEM.

11       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,  
13 1999.