

BY: Delegate Flanagan

AMENDMENTS TO HOUSE BILL NO. 222

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after “Credit” insert “and Retirement Income”; in line 7, after “credit;” insert “including income from certain retirement plans within a certain subtraction modification allowed under the income tax for certain individuals who are at least a certain age or who are disabled or whose spouse is disabled; altering the computation of the subtraction modification for individuals whose income does not exceed a certain amount;”; in line 8, strike beginning with “earned” through “State” and substitute “Maryland”; and in line 11, after “Section” insert “10-209 and”.

AMENDMENT NO. 2

On page 1, after line 16, insert:

“10-209.

(a) In this section:

(1) “[Employee] QUALIFIED retirement [system] PLAN” means:

(I) a RETIREMENT plan [:

(i) established and maintained by an employer for the benefit of its employees; and

(ii)] qualified under § 401(a), § 403, or § 457(b) of the Internal Revenue Code;

(II) AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY

(Over)

UNDER § 408 OF THE INTERNAL REVENUE CODE;

(III) A ROLLOVER INDIVIDUAL RETIREMENT ACCOUNT; OR

(IV) A SIMPLIFIED EMPLOYEE PENSION UNDER INTERNAL REVENUE CODE § 408(K); and

(2) “[Employee] QUALIFIED retirement [system] PLAN” does not include:

(i) [an individual retirement account or annuity under § 408 of the Internal Revenue Code;

(ii)] a Roth individual retirement account under § [408(a)] 408A of the Internal Revenue Code; OR

[(iii) a rollover individual retirement account;

(iv) a simplified employee pension under Internal Revenue Code § 408(k);

or

(v)] (II) an ineligible deferred compensation plan under § 457(f) of the Internal Revenue Code.

(b) To determine Maryland adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years old or is totally disabled or the resident's spouse is totally disabled, SUBJECT TO SUBSECTIONS (D) AND (E) OF THIS SECTION an amount is subtracted from federal adjusted gross income equal to [the lesser of:

(1) the cumulative or total annuity, pension, or endowment income from an employee retirement system included in federal adjusted gross income; or

(2) the maximum annual benefit under the Social Security Act computed under subsection (c) of this section, less any payment received as old age, survivors, or disability benefits under the Social Security Act, the Railroad Retirement Act, or both] THE TOTAL INCOME FROM A QUALIFIED RETIREMENT PLAN INCLUDED IN FEDERAL ADJUSTED GROSS INCOME FOR THE TAXABLE YEAR.

(c) For purposes of [subsection (b)(2)] SUBSECTIONS (D) AND (E) (1) of this section, the Comptroller:

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

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

(D) FOR AN INDIVIDUAL WHOSE MODIFIED FEDERAL ADJUSTED GROSS INCOME, AS DEFINED IN § 86(B)(2) OF THE INTERNAL REVENUE CODE, EXCEEDS \$40,000, THE AMOUNT THAT MAY BE SUBTRACTED FROM FEDERAL ADJUSTED GROSS INCOME UNDER THIS SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE MAXIMUM ANNUAL BENEFIT UNDER THE SOCIAL SECURITY ACT COMPUTED UNDER SUBSECTION (C) OF THIS SECTION, LESS ANY PAYMENT RECEIVED AS OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT, THE RAILROAD RETIREMENT ACT, OR BOTH.

(E) FOR AN INDIVIDUAL WHOSE MODIFIED FEDERAL ADJUSTED GROSS INCOME, AS DEFINED IN § 86(B)(2) OF THE INTERNAL REVENUE CODE, DOES NOT EXCEED \$40,000, THE AMOUNT THAT MAY BE SUBTRACTED FROM FEDERAL ADJUSTED GROSS INCOME UNDER THIS SECTION MAY NOT EXCEED:

(1) FOR A TAXABLE YEAR BEGINNING BEFORE JANUARY 1, 2003, THE MAXIMUM ANNUAL BENEFIT UNDER THE SOCIAL SECURITY ACT COMPUTED UNDER SUBSECTION (C) OF THIS SECTION, LESS ANY PAYMENT RECEIVED AS OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT, THE RAILROAD RETIREMENT ACT, OR BOTH;

(2) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2002, BUT BEFORE JANUARY 1, 2004, \$20,000 LESS 90% OF ANY PAYMENT RECEIVED AS OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT, THE RAILROAD RETIREMENT ACT, OR BOTH;

(3) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2003, BUT BEFORE JANUARY 1, 2005, \$22,000 LESS 80% OF ANY PAYMENT RECEIVED AS

(Over)

OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT, THE RAILROAD RETIREMENT ACT, OR BOTH;

(4) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2004, BUT BEFORE JANUARY 1, 2006, \$24,000 LESS 70% OF ANY PAYMENT RECEIVED AS OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT, THE RAILROAD RETIREMENT ACT, OR BOTH;

(5) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2005, BUT BEFORE JANUARY 1, 2007, \$26,000 LESS 60% OF ANY PAYMENT RECEIVED AS OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT, THE RAILROAD RETIREMENT ACT, OR BOTH;

(6) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2006, BUT BEFORE JANUARY 1, 2008, \$28,000 LESS 50% OF ANY PAYMENT RECEIVED AS OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT, THE RAILROAD RETIREMENT ACT, OR BOTH;

(7) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2007, BUT BEFORE JANUARY 1, 2009, \$30,000 LESS 40% OF ANY PAYMENT RECEIVED AS OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT, THE RAILROAD RETIREMENT ACT, OR BOTH;

(8) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2008, BUT BEFORE JANUARY 1, 2010, \$32,000 LESS 30% OF ANY PAYMENT RECEIVED AS OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT, THE RAILROAD RETIREMENT ACT, OR BOTH;

(9) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2009, BUT BEFORE JANUARY 1, 2011, \$34,000 LESS 20% OF ANY PAYMENT RECEIVED AS OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT, THE RAILROAD RETIREMENT ACT, OR BOTH;

(10) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2010,

BUT BEFORE JANUARY 1, 2012, \$36,000 LESS 10% OF ANY PAYMENT RECEIVED AS OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT, THE RAILROAD RETIREMENT ACT, OR BOTH; AND

(11) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2011, \$36,000.”.