

HOUSE BILL 71

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Q3

2001 Regular Session
11r0353

(PRE-FILED)

By: **Delegates Boutin and Stern**

Requested: July 31, 2000

Introduced and read first time: January 10, 2001

Assigned to: Ways and Means

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 have disabled spouses;
6 altering the computation of the subtraction modification; altering the minimum
7 age at which an individual is eligible for the subtraction modification; altering a
8 certain definition; providing for the application of this Act; and generally
9 relating to a subtraction modification under the income tax for certain
10 individuals for certain retirement income.

11 BY repealing and reenacting, with amendments,
12 Article - Tax - General
13 Section 10-209
14 Annotated Code of Maryland
15 (1997 Replacement Volume and 2000 Supplement)

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

18 **Article - Tax - General**

19 10-209.

20 (a) In this section:

21 (1) "[employee] QUALIFIED retirement [system] PLAN" means:

22 (I) a RETIREMENT plan [:

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

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

1 (II) AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY UNDER §
2 408 OF THE INTERNAL REVENUE CODE;

3 (III) A ROLLOVER INDIVIDUAL RETIREMENT ACCOUNT; OR

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

6 (2) "[employee] QUALIFIED retirement [system] PLAN" does not
7 include:

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

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

12 [(iii) a rollover individual retirement account;

13 (iv) a simplified employee pension under Internal Revenue Code §
14 408(k); or

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

17 (b) To determine Maryland adjusted gross income, if, on the last day of the
18 taxable year, a resident is at least [65] 59 1/2 years old or is totally disabled or the
19 resident's spouse is totally disabled, an amount is subtracted from federal adjusted
20 gross income equal to the lesser of:

21 (1) the [cumulative or] total [annuity, pension, or endowment] income
22 from [an employee retirement system] A QUALIFIED RETIREMENT PLAN included in
23 federal adjusted gross income FOR THE TAXABLE YEAR; or

24 (2) [the maximum annual benefit under the Social Security Act
25 computed under subsection (c) of this section, less any payment received as old age,
26 survivors, or disability benefits under the Social Security Act, the Railroad
27 Retirement Act, or both] \$35,000.

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

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

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

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 July 1, 2001, and shall be applicable to all taxable years beginning after December 31,
35 2000.