
By: **Delegates O'Donnell and D'Amato**
Introduced and read first time: February 1, 2001
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering the maximum amount allowed under a certain
4 subtraction modification under the Maryland income tax for military retirement
5 income received by certain individuals; altering certain requirements for
6 eligibility for the subtraction modification; altering a provision reducing the
7 allowed subtraction if federal adjusted gross income exceeds a certain level;
8 providing for the application of this Act; and generally relating to a subtraction
9 modification for certain military retirement income.

10 BY repealing and reenacting, without amendments,
11 Article - Tax - General
12 Section 10-207(a)
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 2000 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article - Tax - General
17 Section 10-207(q)
18 Annotated Code of Maryland
19 (1997 Replacement Volume and 2000 Supplement)

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

22 **Article - Tax - General**

23 10-207.

24 (a) To the extent included in federal adjusted gross income, the amounts under
25 this section are subtracted from the federal adjusted gross income of a resident to
26 determine Maryland adjusted gross income.

1 (q) (1) The subtraction under subsection (a) of this section includes the first
2 [\$2,500] \$5,000 of military retirement income received by an individual during the
3 taxable year[, if the individual:

4 (i) is at least 55 years old on the last day of the taxable year; and

5 (ii) was an enlisted member of the military at the time of
6 retirement].

7 (2) The amount of the subtraction under paragraph (1) of this subsection:

8 (i) is reduced by 50% of the amount by which federal adjusted
9 gross income exceeds [\$17,500] \$35,000; and

10 (ii) is reduced to zero if federal adjusted gross income exceeds
11 [\$22,500] \$45,000.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 2001, and shall be applicable to all taxable years beginning after December 31,
14 2000.