
By: **Delegate Howard**

Introduced and read first time: February 16, 2001

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction Modification for Retirement Income of Public**
3 **School Teachers and Law Enforcement and Public Safety Officers**

4 FOR the purpose of providing a subtraction modification under the Maryland income
5 tax for certain retirement income received by an individual that is attributable
6 to certain employment as a public school teacher, law enforcement officer, or
7 public safety officer in the State; providing that retirement income that is
8 included in a certain subtraction may not be taken into account for purposes of
9 a certain subtraction modification allowed under the income tax for certain
10 individuals who are at least a certain age or who are disabled or have disabled
11 spouses; providing for the application of this Act; and generally relating to an
12 income tax subtraction modification for certain retirement income received by
13 an individual that is attributable to certain employment as a public school
14 teacher, law enforcement officer, or public safety officer in the State.

15 BY adding to
16 Article - Tax - General
17 Section 10-207(v)
18 Annotated Code of Maryland
19 (1997 Replacement Volume and 2000 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article - Tax - General
22 Section 10-209
23 Annotated Code of Maryland
24 (1997 Replacement Volume and 2000 Supplement)

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

1

Article - Tax - General

2 10-207.

3 (V) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES
4 RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING THE TAXABLE YEAR
5 THAT IS ATTRIBUTABLE TO THE INDIVIDUAL'S EMPLOYMENT IN THE STATE AS:

6 (1) A CERTIFICATED TEACHER IN THE PUBLIC ELEMENTARY OR
7 SECONDARY SCHOOLS OF THE STATE;

8 (2) A LAW ENFORCEMENT OFFICER OF THE UNITED STATES, THE STATE,
9 OR A POLITICAL SUBDIVISION OF THE STATE;

10 (3) A SHERIFF OR DEPUTY SHERIFF;

11 (4) A CORRECTIONAL OFFICER;

12 (5) A VOLUNTEER OR PROFESSIONAL FIRE FIGHTER OR RESCUE SQUAD
13 MEMBER; OR

14 (6) A SWORN MEMBER OF THE MARYLAND STATE FIRE MARSHAL'S
15 OFFICE.

16 10-209.

17 (a) In this section:

18 (1) "employee retirement system" means a plan:

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

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

23 (2) "employee retirement system" does not include:

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

26 (ii) a Roth individual retirement account under § 408(a) of the
27 Internal Revenue Code;

28 (iii) a rollover individual retirement account;

29 (iv) a simplified employee pension under Internal Revenue Code §
30 408(k); or

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

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

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

7 (2) the maximum annual benefit under the Social Security Act computed
8 under subsection (c) of this section, less any payment received as old age, survivors, or
9 disability benefits under the Social Security Act, the Railroad Retirement Act, or both.

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

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

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

15 (D) RETIREMENT INCOME THAT IS INCLUDED IN THE SUBTRACTION UNDER §
16 10-207(V) OF THIS SUBTITLE MAY NOT BE TAKEN INTO ACCOUNT FOR PURPOSES OF
17 THE SUBTRACTION UNDER THIS SECTION.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 2001 and shall be applicable to all taxable years beginning after December 31,
20 2000.