
By: **Delegate Howard**

Introduced and read first time: January 28, 2002

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction Modification for Retirement Income of Public**
3 **School Teachers**

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

14 BY adding to
15 Article - Tax - General
16 Section 10-207(w)
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 2001 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Tax - General
21 Section 10-209
22 Annotated Code of Maryland
23 (1997 Replacement Volume and 2001 Supplement)

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

1 **Article - Tax - General**

2 10-207.

3 (W) 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 A
6 CERTIFICATED TEACHER IN THE PUBLIC ELEMENTARY OR SECONDARY SCHOOLS OF
7 THE STATE.

8 10-209.

9 (a) In this section:

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

11 (i) established and maintained by an employer for the benefit of its
12 employees; and13 (ii) qualified under § 401(a), § 403, or § 457(b) of the Internal
14 Revenue Code; and

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

16 (i) an individual retirement account or annuity under § 408 of the
17 Internal Revenue Code;18 (ii) a Roth individual retirement account under § 408A of the
19 Internal Revenue Code;

20 (iii) a rollover individual retirement account;

21 (iv) a simplified employee pension under Internal Revenue Code §
22 408(k); or23 (v) an ineligible deferred compensation plan under § 457(f) of the
24 Internal Revenue Code.

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

29 (1) the cumulative or total annuity, pension, or endowment income from
30 an employee retirement system included in federal adjusted gross income; or31 (2) the maximum annual benefit under the Social Security Act computed
32 under subsection (c) of this section, less any payment received as old age, survivors, or
33 disability benefits under the Social Security Act, the Railroad Retirement Act, or both.

34 (c) For purposes of subsection (b)(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 (D) RETIREMENT INCOME THAT IS INCLUDED IN THE SUBTRACTION UNDER §
6 10-207(W) OF THIS SUBTITLE MAY NOT BE TAKEN INTO ACCOUNT FOR PURPOSES OF
7 THE SUBTRACTION UNDER THIS SECTION.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 July 1, 2002 and shall be applicable to all taxable years beginning after December 31,
10 2001.