
By: **Delegates Ports and Redmer**

Introduced and read first time: February 4, 2002

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering the minimum age at which an individual is eligible for a
4 certain subtraction modification under the Maryland income tax for certain
5 retirement income; providing for the application of this Act; and generally
6 relating to a certain subtraction modification for certain retirement income
7 under the Maryland income tax.

8 BY repealing and reenacting, with amendments,
9 Article - Tax - General
10 Section 10-209
11 Annotated Code of Maryland
12 (1997 Replacement Volume and 2001 Supplement)

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

15 **Article - Tax - General**

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;

- 1 (ii) a Roth individual retirement account under § 408A of the
2 Internal Revenue Code;
- 3 (iii) a rollover individual retirement account;
- 4 (iv) a simplified employee pension under Internal Revenue Code §
5 408(k); or
- 6 (v) an ineligible deferred compensation plan under § 457(f) of the
7 Internal Revenue Code.

8 (b) To determine Maryland adjusted gross income, if, on the last day of the
9 taxable year, a resident is at least [65] 62 years old or is totally disabled or the
10 resident's spouse is totally disabled, an amount is subtracted from federal adjusted
11 gross income equal to the lesser of:

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

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

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

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

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

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 July 1, 2002, and shall be applicable to all taxable years beginning after December 31,
24 2001.