
By: **Senators DeGrange, Astle, and Jimeno**
Introduced and read first time: February 1, 2005
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - U.S. Government Employees' Foreign Earned Income**

3 FOR the purpose of providing a subtraction modification under the Maryland income
4 tax for certain foreign earned income of employees of the United States or of an
5 agency of the United States, subject to a certain limitation; defining a certain
6 term; providing for the application of this Act; and generally relating to an
7 income tax subtraction modification for certain foreign earned income of an
8 individual earned as an employee of the United States or of an agency of the
9 United States.

10 BY repealing and reenacting, without amendments,
11 Article - Tax - General
12 Section 10-207(a)
13 Annotated Code of Maryland
14 (2004 Replacement Volume)

15 BY adding to
16 Article - Tax - General
17 Section 10-207(w)
18 Annotated Code of Maryland
19 (2004 Replacement Volume)

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.

27 (W) (1) IN THIS SUBSECTION:

1 (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH,
2 "FOREIGN EARNED INCOME" MEANS FOREIGN EARNED INCOME WITHIN THE
3 MEANING OF § 911(B)(1) OF THE INTERNAL REVENUE CODE, SUBJECT TO THE
4 LIMITATION UNDER § 911(B)(2) OF THE INTERNAL REVENUE CODE; AND

5 (II) "FOREIGN EARNED INCOME" INCLUDES AMOUNTS PAID BY THE
6 UNITED STATES OR AN AGENCY OF THE UNITED STATES TO AN EMPLOYEE OF THE
7 UNITED STATES OR OF AN AGENCY OF THE UNITED STATES.

8 (2) SUBJECT TO THE LIMITATION UNDER PARAGRAPH (3) OF THIS
9 SUBSECTION, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION
10 INCLUDES THE FOREIGN EARNED INCOME OF AN INDIVIDUAL EARNED AS AN
11 EMPLOYEE OF THE UNITED STATES OR OF AN AGENCY OF THE UNITED STATES.

12 (3) THE AMOUNT SUBTRACTED UNDER THIS SECTION:

13 (I) DOES NOT INCLUDE ANY AMOUNT SUBTRACTED UNDER ANY
14 OTHER PROVISIONS OF THIS SECTION; AND

15 (II) MAY NOT EXCEED \$20,000 FOR ANY TAXABLE YEAR.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 July 1, 2005, and shall be applicable to all taxable years beginning after December 31,
18 2004.