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By: **Delegates Love, Bates, Boschert, Cadden, V. Clagett, Conroy, Costa,  
Frush, Gilleland, Leopold, McConkey, Miller, Moe, Pendergrass, Pugh,  
Sophocleus, and F. Turner**

Introduced and read first time: February 9, 2006

Assigned to: Ways and Means

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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 for certain taxable years  
4 under the Maryland income tax for certain foreign earned income of employees  
5 of the United States or of an agency of the United States, subject to a certain  
6 limitation; defining a certain term; and generally relating to an income tax  
7 subtraction modification for certain foreign earned income of an individual  
8 earned as an employee of the United States or of an agency of the United States.

9 BY repealing and reenacting, without amendments,  
10 Article - Tax - General  
11 Section 10-207(a)  
12 Annotated Code of Maryland  
13 (2004 Replacement Volume and 2005 Supplement)

14 BY adding to  
15 Article - Tax - General  
16 Section 10-207(w)  
17 Annotated Code of Maryland  
18 (2004 Replacement Volume and 2005 Supplement)

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

21 **Article - Tax - General**

22 10-207.

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

26 (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, FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2006, BUT  
10 BEFORE JANUARY 1, 2010, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS  
11 SECTION INCLUDES THE FOREIGN EARNED INCOME OF AN INDIVIDUAL EARNED AS  
12 AN EMPLOYEE OF THE UNITED STATES OR OF AN AGENCY OF THE UNITED STATES.

13 (3) THE AMOUNT SUBTRACTED UNDER THIS SECTION:

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

16 (II) MAY NOT EXCEED \$3,500 FOR ANY TAXABLE YEAR.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 July 1, 2006.