
By: **Delegates Hixson, Bohanan, Bozman, Bromwell, Brown, Cane,
G. Clagett, V. Clagett, Conway, Donoghue, Griffith, Hammen, James,
Jameson, Krysiak, Kullen, Levy, Love, McHale, Minnick, Rudolph, and
Wood**

Introduced and read first time: February 10, 2006

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Hometown Heroes Act of 2006 - Income Tax - Subtraction Modification for**
3 **Retirement Income of Law Enforcement, Fire, Rescue, and Emergency**
4 **Services Personnel**

5 FOR the purpose of providing a subtraction modification under the Maryland income
6 tax under certain circumstances for certain retirement income attributable to a
7 resident's employment as a law enforcement officer or the individual's service as
8 fire, rescue, or emergency services personnel; providing for the application of
9 this Act; and generally relating to a subtraction modification under the
10 Maryland income tax for certain retirement income attributable to a resident's
11 employment as a law enforcement officer or the individual's service as fire,
12 rescue, or emergency services personnel.

13 BY repealing and reenacting, with amendments,
14 Article - Tax - General
15 Section 10-209
16 Annotated Code of Maryland
17 (2004 Replacement Volume and 2005 Supplement)

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

20 **Article - Tax - General**

21 10-209.

22 (a) In this section:

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

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

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

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

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

6 (ii) a Roth individual retirement account under § 408A of the
7 Internal Revenue Code;

8 (iii) a rollover individual retirement account;

9 (iv) a simplified employee pension under Internal Revenue Code §
10 408(k); or

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

13 (b) [To] SUBJECT TO SUBSECTION (D) OF THIS SECTION, TO determine
14 Maryland adjusted gross income, if, on the last day of the taxable year, a resident is at
15 least 65 years old or is totally disabled or the resident's spouse is totally disabled, OR
16 THE RESIDENT IS AT LEAST 50 YEARS OLD AND IS A RETIRED LAW ENFORCEMENT
17 OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED
18 STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE, an amount is
19 subtracted from federal adjusted gross income equal to the lesser of:

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

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

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

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

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

30 (D) IN THE CASE OF A RETIRED LAW ENFORCEMENT OFFICER OR FIRE,
31 RESCUE, OR EMERGENCY MEDICAL SERVICES PERSONNEL OF THE UNITED STATES,
32 THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE, THE AMOUNT INCLUDED
33 UNDER SUBSECTION (B)(1) OF THIS SECTION IS LIMITED TO RETIREMENT INCOME
34 THAT IS ATTRIBUTABLE TO THE RESIDENT'S EMPLOYMENT AS A LAW ENFORCEMENT
35 OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED
36 STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE, UNLESS:

1 (1) THE RESIDENT IS AT LEAST 65 YEARS OLD OR IS TOTALLY DISABLED;

2 OR

3 (2) THE RESIDENT'S SPOUSE IS TOTALLY DISABLED.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 July 1, 2006, and shall be applicable to all taxable years beginning after December 31,
6 2005.