Q3 6lr0302 CF 6lr0329

(PRE-FILED)

By: Senators Astle, Colburn, DeGrange, Dyson, Garagiola, Giannetti, Green, Greenip, Hafer, Hogan, Hollinger, Klausmeier, and Schrader

Requested: July 14, 2005

Introduced and read first time: January 11, 2006

Assigned to: Budget and Taxation

A BILL ENTITLED

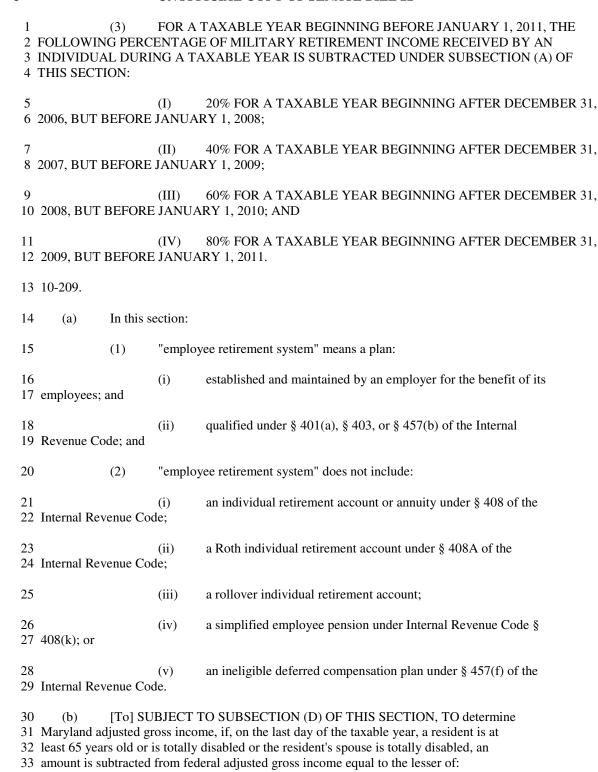
1 AN ACT concerning

2 Income Tax - Subtraction Modification - Military Retirement Income

- 3 FOR the purpose of altering a certain subtraction modification under the Maryland
- 4 income tax for military retirement income over a certain period of time;
- 5 providing that retirement income that is included in a certain subtraction may
- 6 not be taken into account for purposes of a certain subtraction modification
- 7 allowed under the income tax for certain individuals who are at least a certain
- 8 age or who are disabled or have disabled spouses; defining certain terms;
- 9 providing for the application of this Act; and generally relating to a subtraction
- 10 modification for military retirement income.
- 11 BY repealing and reenacting, without amendments,
- 12 Article Tax General
- 13 Section 10-207(a)
- 14 Annotated Code of Maryland
- 15 (2004 Replacement Volume and 2005 Supplement)
- 16 BY repealing and reenacting, with amendments,
- 17 Article Tax General
- 18 Section 10-207(q) and 10-209
- 19 Annotated Code of Maryland
- 20 (2004 Replacement Volume and 2005 Supplement)
- 21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 22 MARYLAND, That the Laws of Maryland read as follows:

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1	1 Article - Tax - General		
2	10-207.		
	(a) To the extent included in federal adjusted gross income, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.		
6 7	(q) (1) (I) MEANINGS INDICATED.	IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE	
8	(II)	"MILITARY SERVICE" MEANS:	
		1. INDUCTION INTO THE ARMED FORCES OF THE UNITED AND SERVICE UNDER THE SELECTIVE TRAINING AND R A SUBSEQUENT ACT OF A SIMILAR NATURE;	
12 13	FORCES OF THE UNITE	2. MEMBERSHIP IN A RESERVE COMPONENT OF THE ARMED STATES;	
14 15	FORCES OF THE UNITE	3. MEMBERSHIP IN AN ACTIVE COMPONENT OF THE ARMED STATES;	
16		4. MEMBERSHIP IN THE MARYLAND NATIONAL GUARD; OR	
		5. ACTIVE DUTY WITH THE COMMISSIONED CORPS OF THE CE, THE NATIONAL OCEANIC AND ATMOSPHERIC THE COAST AND GEODETIC SURVEY.	
20 21	(III) INCOME RECEIVED AS	"MILITARY RETIREMENT INCOME" MEANS RETIREMENT A RESULT OF MILITARY SERVICE.	
24	(2) [The] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE subtraction under subsection (a) of this section includes [the first \$2,500 of military retirement income received by an individual during the taxable year, if the individual:		
26	(i)	is at least 55 years old on the last day of the taxable year; and	
27 28	(ii) retirement.	was an enlisted member of the military at the time of	
29	(2) The a	mount of the subtraction under paragraph (1) of this subsection:	
30 31	(i) gross income exceeds \$17,5	is reduced by 50% of the amount by which federal adjusted 00; and	
	(ii) \$22,500] 100% OF MILITA DURING THE TAXABLE	is reduced to zero if federal adjusted gross income exceeds ARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL YEAR.	



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- 1 (1) the cumulative or total annuity, pension, or endowment income from 2 an employee retirement system included in federal adjusted gross income; or 3 the maximum annual benefit under the Social Security Act computed 4 under subsection (c) of this section, less any payment received as old age, survivors, or disability benefits under the Social Security Act, the Railroad Retirement Act, or both. 6 For purposes of subsection (b)(2) of this section, the Comptroller: (c) 7 shall determine the maximum annual benefit under the Social (1) 8 Security Act allowed for an individual who retired at age 65 for the prior calendar year; and 10 (2) may allow the subtraction to the nearest \$100. 11 (D) MILITARY RETIREMENT INCOME THAT IS INCLUDED IN THE 12 SUBTRACTION UNDER § 10-207(Q) OF THIS SUBTITLE MAY NOT BE TAKEN INTO 13 ACCOUNT FOR PURPOSES OF THE SUBTRACTION UNDER THIS SECTION.
- 14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 15 July 1, 2006, and shall be applicable to all taxable years beginning after December 31, 16 2006.