Q3 6lr0160 CF 6lr0161

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By: The President (By Request - Administration) and Senators Brinkley, Colburn, Della, Garagiola, Giannetti, Green, Greenip, Hafer, Haines, Hooper, Jacobs, Kittleman, Klausmeier, Mooney, Munson, Schrader, Stoltzfus, Stone, and Teitelbaum

Introduced and read first time: January 23, 2006

Rules suspended

Assigned to: Budget and Taxation

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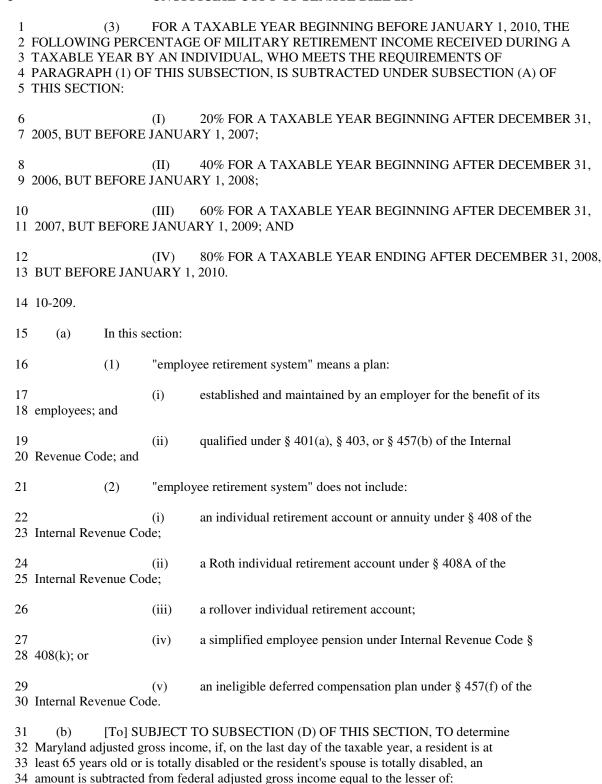
## A BILL ENTITLED

## 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
- 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:

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 INDICAT	/	IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE	
8	(1)	II)	"ACTIVE MILITARY SERVICE" MEANS:	
			1. INDUCTION INTO THE ARMED FORCES OF THE UNITED ID SERVICE UNDER THE SELECTIVE TRAINING AND A SUBSEQUENT ACT OF A SIMILAR NATURE;	
12 13	FORCES OF THE UNI		2. MEMBERSHIP IN A RESERVE COMPONENT OF THE ARMED TATES;	
14 15	ARMED FORCES OF		3. MEMBERSHIP IN THE ACTIVE COMPONENT OF THE NITED STATES;	
16			4. MEMBERSHIP IN THE MARYLAND NATIONAL GUARD; OR	
19	CORPS OF THE PUBI	OR AFT LIC HE	5. WITH RESPECT TO A PERSON SEPARATED FROM ER JULY 1, 1991, ACTIVE DUTY WITH THE COMMISSIONED ALTH SERVICE, THE NATIONAL OCEANIC AND RATION, OR THE COAST AND GEODETIC SURVEY.	
21 22		,	"MILITARY RETIREMENT INCOME" MEANS RETIREMENT ESULT OF ACTIVE MILITARY SERVICE.	
25	SUBSECTION, THE ST	ubtracti	[The] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS on under subsection (a) of this section includes [the first acome received by an individual during the taxable	
27	(i	i)	is at least 55 years old on the last day of the taxable year; and	
28 29	(i retirement.	ii)	was an enlisted member of the military at the time of	
30	(2) T	he amo	unt of the subtraction under paragraph (1) of this subsection:	
31 32	gross income exceeds \$		is reduced by 50% of the amount by which federal adjusted and	
	\	LITAR	is reduced to zero if federal adjusted gross income exceeds Y RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL EAR.	



16 2005.

## **UNOFFICIAL COPY OF SENATE BILL 220**

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. SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 14

15 July 1, 2006, and shall be applicable to all taxable years beginning after December 31,