

---

By: **Senator McFadden (By Request - Baltimore City Administration)**

Introduced and read first time: January 24, 2006

Assigned to: Budget and Taxation

---

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification for Seniors' Medical Expenses**

3 FOR the purpose of providing for a subtraction modification under the Maryland  
4 individual income tax for certain health expenditures; providing for certain  
5 limits on amounts that may be subject to a certain subtraction modification;  
6 providing for incremental reductions to a certain subtraction modification based  
7 on income; defining certain terms; providing for the application of this Act; and  
8 generally relating to subtraction modifications to the individual income tax.

9 BY repealing and reenacting, without amendments,  
10 Article - Tax - General  
11 Section 10-208(a)  
12 Annotated Code of Maryland  
13 (2004 Replacement Volume and 2005 Supplement)

14 BY adding to  
15 Article - Tax - General  
16 Section 10-208(q)  
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 10-208.

23 (a) In addition to the modification under § 10-207 of this subtitle, the  
24 amounts under this section are subtracted from the federal adjusted gross income of  
25 a resident to determine Maryland adjusted gross income.

26 (Q) (1) IN THIS SUBSECTION, "QUALIFIED MEDICAL EXPENSE" MEANS AN  
27 EXPENSE, WITHIN THE MEANING OF § 213(D) OF THE INTERNAL REVENUE CODE, PAID  
28 DURING THE TAXABLE YEAR, NOT COMPENSATED BY INSURANCE OR OTHERWISE,

1 FOR MEDICAL CARE OF THE INDIVIDUAL OR THE INDIVIDUAL'S SPOUSE OR  
2 DEPENDENT.

3           (2)       SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE  
4 SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT OF  
5 THE INDIVIDUAL'S QUALIFIED MEDICAL EXPENSES FOR THE TAXABLE YEAR.

6           (3)       (I)       THE QUALIFIED MEDICAL EXPENSES CLAIMED UNDER THE  
7 SUBTRACTION PROVIDED IN THIS SUBSECTION MUST HAVE BEEN INCURRED BY AN  
8 INDIVIDUAL WHO IS AT LEAST 65 YEARS OLD ON THE LAST DAY OF THE TAXABLE  
9 YEAR.

10                   (II)       THE SUBTRACTION UNDER THIS SUBSECTION MAY NOT  
11 EXCEED \$6,000.

12                   (III)       IF AN INDIVIDUAL ITEMIZES DEDUCTIONS ON THE  
13 INDIVIDUAL'S MARYLAND INCOME TAX RETURN, THE SUBTRACTION UNDER THIS  
14 SUBSECTION MAY NOT EXCEED THE LESSER OF 7.5% OF THE INDIVIDUAL'S FEDERAL  
15 ADJUSTED GROSS INCOME OR \$6,000.

16                   (IV)       IF AN INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME FOR  
17 THE TAXABLE YEAR EXCEEDS \$25,000, THE SUBTRACTION OTHERWISE ALLOWED  
18 UNDER THIS SUBSECTION, AFTER APPLICATION OF THE LIMIT UNDER  
19 SUBPARAGRAPH (II) OR (III) OF THIS SUBSECTION, SHALL BE REDUCED BY 20% OF  
20 THE AMOUNT BY WHICH THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME  
21 EXCEEDS \$25,000.

22       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
23 July 1, 2006, and shall be applicable to all taxable years beginning after December 31,  
24 2005.