

CHAPTER 553

(House Bill 392)

AN ACT concerning

Income Tax – Subtraction Modification – Military Retirement Income for Commissioned Officers

FOR the purpose of altering a certain subtraction modification under the State income tax for certain military retirement income to include certain individuals; defining certain terms; providing for the application of this Act; and generally relating to the State income ~~tax~~ taxation of certain retirement income.

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 10–207(a)
Annotated Code of Maryland
(2004 Replacement Volume and 2006 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–207(q)
Annotated Code of Maryland
(2004 Replacement Volume and 2006 Supplement)

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

Article – Tax – General

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.

(q) (1) (i) In this subsection the following words have the meanings indicated.

(ii) “Military service” means:

1. induction into the armed forces of the United States for training and service under the Selective Training and Service Act of 1940 or a subsequent act of a similar nature;
2. membership in a reserve component of the armed forces of the United States;
3. membership in an active component of the armed forces of the United States;
4. membership in the Maryland National Guard; or
5. [with respect to a person separated from employment on or after July 1, 1991,] active duty with the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, or the Coast and Geodetic Survey.

(iii) "Military retirement income" means retirement income received as a result of military service.

(2) The subtraction under subsection (a) of this section includes the first \$5,000 of military retirement income received by an individual during the taxable year.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2007, and shall be applicable to all taxable years beginning after December 31, 2006.

Approved by the Governor, May 17, 2007.