

SENATE BILL 315

Q3

8lr1594

By: **Senators Lenett, Garagiola, Klausmeier, Muse, Peters, Robey, and Rosapepe**

Introduced and read first time: January 28, 2008

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 certain military retirement income; providing for the application
5 of this Act; and generally related to a subtraction modification under the
6 Maryland income tax for military retirement income.

7 BY repealing and reenacting, without amendments,
8 Article – Tax – General
9 Section 10–207(a)
10 Annotated Code of Maryland
11 (2004 Replacement Volume and 2007 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article – Tax – General
14 Section 10–207(q)
15 Annotated Code of Maryland
16 (2004 Replacement Volume and 2007 Supplement)

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

19 **Article – Tax – General**

20 10–207.

21 (a) To the extent included in federal adjusted gross income, the amounts
22 under this section are subtracted from the federal adjusted gross income of a resident
23 to determine Maryland adjusted gross income.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 (ii) "Military service" means:

4 1. induction into the armed forces of the United States
5 for training and service under the Selective Training and Service Act of 1940 or a
6 subsequent act of a similar nature;

7 2. membership in a reserve component of the armed
8 forces of the United States;

9 3. membership in an active component of the armed
10 forces of the United States;

11 4. membership in the Maryland National Guard; or

12 5. active duty with the commissioned corps of the Public
13 Health Service, the National Oceanic and Atmospheric Administration, or the Coast
14 and Geodetic Survey.

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

17 (2) (I) [The] **IF AN INDIVIDUAL HAS A FEDERAL ADJUSTED**
18 **GROSS INCOME FOR THE TAXABLE YEAR NOT GREATER THAN \$50,000, OR NOT**
19 **GREATER THAN \$75,000 IN THE CASE OF A MARRIED COUPLE FILING A JOINT**
20 **RETURN OR AN INDIVIDUAL DESCRIBED IN § 2 OF THE INTERNAL REVENUE**
21 **CODE AS A HEAD OF HOUSEHOLD OR AS A SURVIVING SPOUSE, THE** subtraction
22 under subsection (a) of this section includes **THE GREATER OF** the first \$5,000 of
23 military retirement income received by an individual during the taxable year **OR:**

24 **1. 33% OF MILITARY RETIREMENT INCOME**
25 **RECEIVED DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2007,**
26 **BUT BEFORE JANUARY 1, 2009;**

27 **2. 67% OF MILITARY RETIREMENT INCOME**
28 **RECEIVED DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2008,**
29 **BUT BEFORE JANUARY 1, 2010; AND**

30 **3. 100% OF MILITARY RETIREMENT INCOME**
31 **RECEIVED DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2009.**

32 (II) **IF AN INDIVIDUAL HAS A FEDERAL ADJUSTED GROSS**
33 **INCOME FOR THE TAXABLE YEAR GREATER THAN \$50,000 BUT NOT GREATER**

1 THAN \$100,000, OR GREATER THAN \$75,000 BUT NOT GREATER THAN \$150,000
2 IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR AN INDIVIDUAL
3 DESCRIBED IN § 2 OF THE INTERNAL REVENUE CODE AS A HEAD OF
4 HOUSEHOLD OR AS A SURVIVING SPOUSE, THE SUBTRACTION UNDER
5 SUBSECTION (A) OF THIS SECTION INCLUDES THE GREATER OF THE FIRST
6 \$5,000 OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL
7 DURING THE TAXABLE YEAR OR:

8 1. 17% OF MILITARY RETIREMENT INCOME
9 RECEIVED DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2007,
10 BUT BEFORE JANUARY 1, 2009;

11 2. 33% OF MILITARY RETIREMENT INCOME
12 RECEIVED DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2008,
13 BUT BEFORE JANUARY 1, 2010; AND

14 3. 50% OF MILITARY RETIREMENT INCOME
15 RECEIVED DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2009.

16 (III) IF AN INDIVIDUAL HAS A FEDERAL ADJUSTED GROSS
17 INCOME FOR THE TAXABLE YEAR GREATER THAN \$100,000, OR GREATER THAN
18 \$150,000 IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR AN
19 INDIVIDUAL DESCRIBED IN § 2 OF THE INTERNAL REVENUE CODE AS A HEAD OF
20 HOUSEHOLD OR AS A SURVIVING SPOUSE, THE SUBTRACTION UNDER
21 SUBSECTION (A) OF THIS SECTION INCLUDES THE FIRST \$5,000 OF MILITARY
22 RETIREMENT INCOME RECEIVED BY THE INDIVIDUAL DURING THE TAXABLE
23 YEAR.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,
26 2007.