HOUSE BILL 158

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Hb 999/08 - W&M

By: Delegates Krebs, Aumann, Bates, Boteler, Dwyer, Eckardt, Frank, George, Haddaway, Howard, Miller, Norman, Riley, Shewell, Sossi, Stifler, and Stocksdale

Introduced and read first time: January 26, 2009

Assigned to: Ways and Means

A BILL ENTITLED

AN ACT concerning

Fairness in Taxation for Retirees Act

FOR the purpose of including income from certain retirement plans within a certain subtraction modification allowed under the Maryland income tax for certain individuals who are at least a certain age or who are disabled or whose spouse is disabled; providing for the application of this Act; and generally relating to a subtraction modification under the Maryland income tax for certain individuals for certain retirement income.

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–209

Annotated Code of Maryland

(2004 Replacement Volume and 2008 Supplement)

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

Article – Tax – General

10–209.

(a) In this section[):

(1) “employee], “QUALIFIED retirement [system"] PLAN” means [a plan]:

[(i) established and maintained by an employer for the benefit of its employees; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
(1) A RETIREMENT PLAN qualified under § 401(a), § 403, or § 457(b) of the Internal Revenue Code; [and]

(2) “employee retirement system” does not include:

(i) an individual retirement account or annuity under § 408 of the Internal Revenue Code;

(ii) a Roth individual retirement account under § 408A of the Internal Revenue Code;

(iii) a rollover individual retirement account;

(iv) a simplified employee pension under Internal Revenue Code § 408(k); or

(v) an ineligible deferred compensation plan under § 457(f) of the Internal Revenue Code.

(b) Subject to subsection (d) of this section, to determine Maryland adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years old or is totally disabled or the resident’s spouse is totally disabled, an amount is subtracted from federal adjusted gross income equal to the lesser of:

(1) the cumulative or total annuity, pension, or endowment income from an employee] THE TOTAL INCOME FROM A QUALIFIED retirement [system] PLAN included in federal adjusted gross income FOR THE TAXABLE YEAR; or

(2) the maximum annual benefit under the Social Security Act computed 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.
(c) For purposes of subsection (b)(2) of this section, the Comptroller:

(1) shall determine the maximum annual benefit under the Social Security Act allowed for an individual who retired at age 65 for the prior calendar year; and

(2) may allow the subtraction to the nearest $100.

(d) Military retirement income that is included in the subtraction under § 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction under this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2009, and shall be applicable to all taxable years beginning after December 31, 2008.