

HOUSE BILL 439

Q3

3lr1608

By: **Delegates Frank, Aumann, Barkley, Beitzel, Boteler, Cluster, DeBoy, Eckardt, Elliott, Glass, Haddaway–Riccio, Hogan, Hough, Impallaria, James, Jameson, Kach, Krebs, Lafferty, McComas, McConkey, McDermott, McDonough, W. Miller, Minnick, Myers, Norman, Otto, Ready, Schuh, Schulz, Smigiel, Stocksdale, Szeliga, Tarrant, Vitale, Weir, Wilson, and Wood**

Introduced and read first time: January 28, 2013

Assigned to: Ways and Means

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; and
5 generally relating to a subtraction modification for military retirement income.

6 BY repealing and reenacting, without amendments,
7 Article – Tax – General
8 Section 10–207(a)
9 Annotated Code of Maryland
10 (2010 Replacement Volume and 2012 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article – Tax – General
13 Section 10–207(q)
14 Annotated Code of Maryland
15 (2010 Replacement Volume and 2012 Supplement)

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

18 **Article – Tax – General**

19 10–207.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

6 (ii) "Military service" means:

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

10 2. membership in a reserve component of the armed
11 forces of the United States;

12 3. membership in an active component of the armed
13 forces of the United States;

14 4. membership in the Maryland National Guard; or

15 5. active duty with the commissioned corps of the Public
16 Health Service, the National Oceanic and Atmospheric Administration, or the Coast
17 and Geodetic Survey.

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

20 (2) [The] **EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**
21 **SUBSECTION, THE** subtraction under subsection (a) of this section includes [the first
22 \$5,000] **100%** of military retirement income received by an individual during the
23 taxable year.

24 **(3) FOR A TAXABLE YEAR BEGINNING BEFORE JANUARY 1, 2017,**
25 **THE FOLLOWING PERCENTAGE OF MILITARY RETIREMENT INCOME RECEIVED**
26 **DURING A TAXABLE YEAR BY AN INDIVIDUAL WHO MEETS THE REQUIREMENTS**
27 **OF PARAGRAPH (1) OF THIS SUBSECTION IS SUBTRACTED UNDER SUBSECTION**
28 **(A) OF THIS SECTION:**

29 **(I) 20% FOR A TAXABLE YEAR BEGINNING AFTER**
30 **DECEMBER 31, 2012, BUT BEFORE JANUARY 1, 2014;**

31 **(II) 40% FOR A TAXABLE YEAR BEGINNING AFTER**
32 **DECEMBER 31, 2013, BUT BEFORE JANUARY 1, 2015;**

1 **(III) 60% FOR A TAXABLE YEAR BEGINNING AFTER**
2 **DECEMBER 31, 2014, BUT BEFORE JANUARY 1, 2016; AND**

3 **(IV) 80% FOR A TAXABLE YEAR BEGINNING AFTER**
4 **DECEMBER 31, 2015, BUT BEFORE JANUARY 1, 2017.**

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 July 1, 2013.