

HOUSE BILL 488

Q3
HB 1461/14 – W&M

5lr0123
CF SB 594

By: **The Speaker (By Request – Administration) and Delegates Cluster, Adams, Afzali, Anderton, Arentz, Aumann, Beidle, Beitzel, Bromwell, Buckel, Carozza, Cassilly, Fisher, Flanagan, Folden, Ghrist, Grammer, S. Howard, Impallaria, Jackson, Jacobs, Kipke, Kittleman, Long, Mautz, McComas, McConkey, McDonough, McKay, McMillan, Metzgar, Miele, O'Donnell, Oaks, Otto, Parrott, Rey, Saab, Sophocleus, Szeliga, Vogt, West, B. Wilson, and C. Wilson**

Introduced and read first time: February 9, 2015

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification – Law Enforcement, Fire, Rescue, and**
3 **Emergency Services Personnel**
4 **(Hometown Heroes Act)**

5 FOR the purpose of altering the amount of a subtraction modification under the Maryland
6 income tax for certain qualifying volunteer fire, rescue, and emergency medical
7 services members; providing a subtraction modification under the Maryland income
8 tax under certain circumstances for a certain amount of retirement income
9 attributable to a resident's employment as a law enforcement officer or the
10 individual's service as fire, rescue, or emergency services personnel; providing for the
11 application of certain provisions of this Act; and generally relating to subtraction
12 modifications under the Maryland income tax for certain law enforcement officers
13 and fire, rescue, or emergency services personnel.

14 BY repealing and reenacting, without amendments,
15 Article – Tax – General
16 Section 10–208(a)
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2014 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Tax – General
21 Section 10–208(i–1)
22 Annotated Code of Maryland
23 (2010 Replacement Volume and 2014 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(As enacted by Chapter 546 of the Acts of the General Assembly of 2013)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–209
Annotated Code of Maryland
(2010 Replacement Volume and 2014 Supplement)

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

Article – Tax – General

10–208.

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

(i–1) (1) The subtraction under subsection (a) of this section includes an amount equal to [the amount specified in paragraph (3) of this subsection] **\$5,000** if an individual is a qualifying volunteer fire, rescue, or emergency medical services member for the taxable year, as determined under paragraph (2) of this subsection.

(2) An individual is a qualifying volunteer fire, rescue, or emergency medical services member for the taxable year eligible for the subtraction modification under this subsection if the individual:

(i) is an active member of:

1. a bona fide Maryland fire, rescue, or emergency medical services organization;
2. an auxiliary organization of a bona fide Maryland fire, rescue, or emergency medical services organization;
3. the United States Coast Guard Auxiliary;
4. the Maryland Defense Force; or
5. the Maryland Civil Air Patrol;

(ii) serves the organization in a volunteer capacity without compensation, except nominal expenses or meals;

(iii) 1. qualifies for active status during the taxable year under:

1 A. a volunteer fire, rescue, or emergency medical services
2 personnel or auxiliary length of service award program operated by a county or municipal
3 corporation of the State, if the length of service award program requires for active status
4 qualification a minimum of 50 points per year and that points be earned in at least two
5 different categories; or

6 B. a point system established by a county or municipal
7 corporation that does not operate a volunteer fire, rescue, or emergency medical services
8 personnel or auxiliary length of service award program or by the United States Coast Guard
9 Auxiliary, the Maryland Defense Force, or the Maryland Civil Air Patrol, to identify active
10 members of a volunteer fire, rescue, or emergency medical services organization or
11 auxiliary organization, if the point system requires for active status qualification a
12 minimum of 50 points per year and that points be earned in at least two different categories;

13 2. has maintained active status for at least 25 years under a
14 volunteer fire, rescue, or emergency medical services personnel or auxiliary length of
15 service award program or a point system established in lieu of a length of service award
16 program;

17 3. is a member of the National Guard or other reserve
18 component of the United States armed forces who has been ordered into active military
19 service and who serves on active duty in the armed forces of the United States during the
20 taxable year; or

21 4. is a civilian or a member of the Merchant Marine on
22 assignment in support of the armed forces of the United States during the taxable year in
23 an area designated as a combat zone by executive order of the President; and

24 (iv) will have been an active member of a bona fide Maryland fire,
25 rescue, or emergency medical services organization, an auxiliary organization of a bona fide
26 Maryland fire, rescue, or emergency medical services organization, or the United States
27 Coast Guard Auxiliary, the Maryland Defense Force, or the Maryland Civil Air Patrol for
28 at least 36 months during the last 10 calendar years by December 31 of the taxable year.

29 [(3) The amount of the subtraction under paragraph (1) of this subsection is
30 equal to:

31 (i) \$3,750 for a taxable year beginning after December 31, 2013, but
32 before January 1, 2015;

33 (ii) \$4,000 for a taxable year beginning after December 31, 2014, but
34 before January 1, 2016;

35 (iii) \$4,250 for a taxable year beginning after December 31, 2015, but
36 before January 1, 2017;

1 (iv) \$4,500 for a taxable year beginning after December 31, 2016, but
2 before January 1, 2018;

3 (v) \$4,750 for a taxable year beginning after December 31, 2017, but
4 before January 1, 2019; and

5 (vi) \$5,000 for a taxable year beginning after December 31, 2018.]

6 [(4)] (3) (i) Each fire, rescue, or emergency medical services
7 organization or auxiliary organization shall:

8 1. maintain a record of the points earned by each individual
9 during each calendar year;

10 2. provide each member a report identifying the number of
11 points earned in each category by February 15 of the following year; and

12 3. provide a report that includes the names, Social Security
13 numbers, and points earned by those members qualifying for the subtraction modification
14 under this subsection to the Maryland State Firemen's Association by May 1 of the
15 following year.

16 (ii) An individual may not qualify for the subtraction under this
17 subsection based on membership in the United States Coast Guard Auxiliary, the Maryland
18 Defense Force, or the Maryland Civil Air Patrol unless the United States Coast Guard
19 Auxiliary, the Maryland Defense Force, or the Maryland Civil Air Patrol:

20 1. maintains a record of the points earned by each individual
21 during each calendar year;

22 2. provides each member a report identifying the number of
23 points earned in each category by February 15 of the following year; and

24 3. provides a report that includes the names, Social Security
25 numbers, and points earned by those members qualifying for the subtraction modification
26 under this subsection to the Comptroller on or before October 1 of each year.

27 [(5)] (4) To qualify for the subtraction modification under this subsection,
28 an individual shall attach to the individual's income tax return a copy of the report provided
29 by the organization under paragraph [(4)] (3) of this subsection.

30 [(6)] (5) On or before October 1 of each year, the Maryland State
31 Firemen's Association shall submit to the Department of Public Safety and Correctional
32 Services and the Office of the Comptroller a report stating the participation in the point
33 system by the various local subdivisions with the names and Social Security numbers of
34 individuals who qualified for the subtraction modification under this subsection for the
35 preceding taxable year.

1 [(7) (6) (i) A person may not knowingly make or cause any false
2 statement or report to be made in any application or in any document required under this
3 subsection.

4 (ii) Any person who violates or attempts to violate any provision of
5 subparagraph (i) of this paragraph shall be subject to a fine of \$1,000.

6 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
7 as follows:

8 **Article – Tax – General**

9 10–209.

10 (a) In this section:

11 (1) “employee retirement system” means a plan:

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

14 (ii) qualified under § 401(a), § 403, or § 457(b) of the Internal
15 Revenue Code; and

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

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

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

21 (iii) a rollover individual retirement account;

22 (iv) a simplified employee pension under Internal Revenue Code §
23 408(k); or

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

26 (b) Subject to [subsection (d)] **SUBSECTIONS (D) AND (E)** of this section, to
27 determine Maryland adjusted gross income, if, on the last day of the taxable year, a resident
28 is at least 65 years old or is totally disabled or the resident’s spouse is totally disabled, **OR**
29 **THE RESIDENT IS AT LEAST 50 YEARS OLD AND IS A RETIRED LAW ENFORCEMENT**
30 **OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED**

1 **STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE**, an amount is
2 subtracted from federal adjusted gross income equal to the lesser of:

3 (1) the cumulative or total annuity, pension, or endowment income from an
4 employee retirement system included in federal adjusted gross income; or

5 (2) the maximum annual benefit under the Social Security Act computed
6 under subsection (c) of this section, less any payment received as old age, survivors, or
7 disability benefits under the Social Security Act, the Railroad Retirement Act, or both.

8 (c) For purposes of subsection (b)(2) of this section, the Comptroller:

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

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

12 (d) Military retirement income that is included in the subtraction under §
13 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction
14 under this section.

15 **(E) (1) IN THE CASE OF A RETIRED LAW ENFORCEMENT OFFICER OR FIRE,
16 RESCUE, OR EMERGENCY MEDICAL SERVICES PERSONNEL OF THE UNITED STATES,
17 THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE, THE AMOUNT INCLUDED
18 UNDER SUBSECTION (B)(1) OF THIS SECTION IS LIMITED TO RETIREMENT INCOME
19 THAT IS ATTRIBUTABLE TO THE RESIDENT’S EMPLOYMENT AS A LAW ENFORCEMENT
20 OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED
21 STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE UNLESS:**

22 **(I) THE RESIDENT IS AT LEAST 65 YEARS OLD OR IS TOTALLY
23 DISABLED; OR**

24 **(II) THE RESIDENT’S SPOUSE IS TOTALLY DISABLED.**

25 **(2) THE RETIREMENT INCOME THAT IS ELIGIBLE UNDER PARAGRAPH
26 (1) OF THIS SUBSECTION TO BE INCLUDED IN THE SUBTRACTION UNDER
27 SUBSECTION (B)(1) OF THIS SECTION MAY NOT EXCEED AN AMOUNT EQUAL TO:**

28 **(I) 25% OF THE AMOUNT OF INCOME THAT IS ELIGIBLE UNDER
29 PARAGRAPH (1) OF THIS SUBSECTION FOR A TAXABLE YEAR BEGINNING AFTER
30 DECEMBER 31, 2014, BUT BEFORE JANUARY 1, 2016;**

31 **(II) 50% OF THE AMOUNT OF INCOME THAT IS ELIGIBLE UNDER
32 PARAGRAPH (1) OF THIS SUBSECTION FOR A TAXABLE YEAR BEGINNING AFTER
33 DECEMBER 31, 2015, BUT BEFORE JANUARY 1, 2017;**

1 **(III) 75% OF THE AMOUNT OF INCOME THAT IS ELIGIBLE UNDER**
2 **PARAGRAPH (1) OF THIS SUBSECTION FOR A TAXABLE YEAR BEGINNING AFTER**
3 **DECEMBER 31, 2016, BUT BEFORE JANUARY 1, 2018; AND**

4 **(IV) 100% OF THE AMOUNT OF INCOME THAT IS ELIGIBLE UNDER**
5 **PARAGRAPH (1) OF THIS SUBSECTION FOR A TAXABLE YEAR BEGINNING AFTER**
6 **DECEMBER 31, 2017.**

7 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
8 1, 2015. Section 1 of this Act shall be applicable to all taxable years beginning after
9 December 31, 2014.