

HOUSE BILL 100

Q3
HB 227/16 – W&M

7lr1162
CF SB 597

By: Delegates Hixson, Beidle, Bromwell, Carey, Chang, Lisanti, Luedtke, Sample-Hughes, and Sophocleus Sophocleus, Afzali, Ali, D. Barnes, Buckel, Ebersole, Fennell, Hornberger, C. Howard, Kaiser, Krimm, Long, Mosby, Patterson, Reilly, Rose, Shoemaker, Simonaire, Tarlau, Turner, Walker, A. Washington, M. Washington, and Wilkins

Introduced and read first time: January 16, 2017

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 21, 2017

CHAPTER _____

1 AN ACT concerning

2 **Income Tax Subtraction Modification – Retirement Income of Law**
3 **Enforcement, Fire, Rescue, and Emergency Services Personnel**

4 FOR the purpose of providing a subtraction modification under the Maryland income tax
5 under certain circumstances for certain retirement income attributable to a
6 resident's employment as a law enforcement officer or the individual's service as fire,
7 rescue, or emergency services personnel; defining a certain term; providing for the
8 application of this Act; and generally relating to a subtraction modification under
9 the Maryland income tax for certain retirement income attributable to a resident's
10 employment as a law enforcement officer or the individual's service as fire, rescue,
11 or emergency services personnel.

12 BY repealing and reenacting, with amendments,
13 Article – Tax – General
14 Section 10–209
15 Annotated Code of Maryland
16 (2016 Replacement Volume)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Article – Tax – General

1

2 10–209.

3 (a) **(1)** In this section: THE FOLLOWING WORDS HAVE THE MEANINGS
 4 INDICATED.

5 **(2)** “EMERGENCY SERVICES PERSONNEL” MEANS EMERGENCY
 6 MEDICAL TECHNICIANS OR PARAMEDICS.

7 ~~(1)~~ **(3)** **(I)** ~~“employee~~ “EMPLOYEE retirement system” means a plan:

8 ~~(i)~~ **1.** established and maintained by an employer for the benefit
 9 of its employees; and

10 ~~(ii)~~ **2.** qualified under § 401(a), § 403, or § 457(b) of the Internal
 11 Revenue Code; ~~and.~~

12 ~~(2)~~ **(II)** ~~“employee~~ “EMPLOYEE retirement system” does not include:

13 ~~(i)~~ **1.** an individual retirement account or annuity under § 408
 14 of the Internal Revenue Code;

15 ~~(ii)~~ **2.** a Roth individual retirement account under § 408A of the
 16 Internal Revenue Code;

17 ~~(iii)~~ **3.** a rollover individual retirement account;

18 ~~(iv)~~ **4.** a simplified employee pension under Internal Revenue
 19 Code § 408(k); or

20 ~~(v)~~ **5.** an ineligible deferred compensation plan under § 457(f) of
 21 the Internal Revenue Code.

22 (b) Subject to [subsection (d)] **SUBSECTIONS (D) AND (E)** of this section, to
 23 determine Maryland adjusted gross income, if, on the last day of the taxable year, a resident
 24 is at least 65 years old or is totally disabled or the resident’s spouse is totally disabled, **OR**
 25 **THE RESIDENT IS AT LEAST 55 YEARS OLD AND IS A RETIRED LAW ENFORCEMENT**
 26 **OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED**
 27 **STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE,** an amount is
 28 subtracted from federal adjusted gross income equal to the lesser of:

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

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

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

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

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

8 (d) Military retirement income that is included in the subtraction under §
9 10-207(q) of this subtitle may not be taken into account for purposes of the subtraction
10 under this section.

11 **(E) IN THE CASE OF A RETIRED LAW ENFORCEMENT OFFICER OR FIRE,
12 RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE
13 STATE, OR A POLITICAL SUBDIVISION OF THE STATE, THE AMOUNT INCLUDED
14 UNDER SUBSECTION (B)(1) OF THIS SECTION IS LIMITED TO THE FIRST \$15,000 OF
15 RETIREMENT INCOME THAT IS ATTRIBUTABLE TO THE RESIDENT'S EMPLOYMENT AS
16 A LAW ENFORCEMENT OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES
17 PERSONNEL OF THE UNITED STATES, THE STATE, OR A POLITICAL SUBDIVISION OF
18 THE STATE UNLESS:**

19 **(1) THE RESIDENT IS AT LEAST 65 YEARS OLD OR IS TOTALLY
20 DISABLED; OR**

21 **(2) THE RESIDENT'S SPOUSE IS TOTALLY DISABLED.**

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
23 1, 2017, and shall be applicable to all taxable years beginning after December 31, 2016.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.