

# HOUSE BILL 58

Q3

8lr1241

(PRE-FILED)

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By: **Delegate Brooks**

Requested: November 15, 2017

Introduced and read first time: January 10, 2018

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Retirement Income**

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

9 BY repealing and reenacting, with amendments,  
10 Article – Tax – General  
11 Section 10–209  
12 Annotated Code of Maryland  
13 (2016 Replacement Volume and 2017 Supplement)

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

16 **Article – Tax – General**

17 10–209.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) “Emergency services personnel” means emergency medical technicians  
20 or paramedics.

21 (3) (i) [“Employee] **“QUALIFIED** retirement [system”] **PLAN”** means  
22 [a plan]:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 1. [established and maintained by an employer for the  
2 benefit of its employees; and

3 2.] A RETIREMENT PLAN qualified under § 401(a), § 403, or  
4 § 457(b) of the Internal Revenue Code;

5 2. AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY  
6 UNDER § 408 OF THE INTERNAL REVENUE CODE; OR

7 3. A ROLLOVER INDIVIDUAL RETIREMENT ACCOUNT.

8 (ii) [“Employee] “QUALIFIED retirement [system”] PLAN” does not  
9 include:

10 1. [an individual retirement account or annuity under § 408  
11 of the Internal Revenue Code;

12 2.] a Roth individual retirement account under § 408A of the  
13 Internal Revenue Code;

14 [3. a rollover individual retirement account;

15 4.] 2. a simplified employee pension under Internal Revenue  
16 Code § 408(k); or

17 [5.] 3. an ineligible deferred compensation plan under § 457(f) of  
18 the Internal Revenue Code.

19 (b) Subject to subsections (d) and (e) of this section, to determine Maryland  
20 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years  
21 old or is totally disabled or the resident’s spouse is totally disabled, or the resident is at  
22 least 55 years old and is a retired law enforcement officer or fire, rescue, or emergency  
23 services personnel of the United States, the State, or a political subdivision of the State, an  
24 amount is subtracted from federal adjusted gross income equal to the lesser of:

25 (1) the cumulative or total annuity, pension, or endowment income from  
26 [an employee] A QUALIFIED retirement [system] PLAN included in federal adjusted gross  
27 income; or

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

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

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

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

4           (d) Military retirement income that is included in the subtraction under §  
5 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction  
6 under this section.

7           (e) In the case of a retired law enforcement officer or fire, rescue, or emergency  
8 services personnel of the United States, the State, or a political subdivision of the State,  
9 the amount included under subsection (b)(1) of this section is limited to the first \$15,000 of  
10 retirement income that is attributable to the resident's employment as a law enforcement  
11 officer or fire, rescue, or emergency services personnel of the United States, the State, or a  
12 political subdivision of the State unless:

13           (1) the resident is at least 65 years old or is totally disabled; or

14           (2) the resident's spouse is totally disabled.

15           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
16 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.