SENATE BILL 996

Q3 8lr2160 SB 295/17 - B&T

By: Senators Peters, Astle, Benson, Cassilly, Currie, DeGrange, Edwards, Feldman, Guzzone, Kagan, Kelley, King, Klausmeier, Madaleno, Manno, Mathias, Middleton, Muse, Norman, Rosapepe, Serafini, Simonaire, Smith, Young, and Zucker Zucker, Eckardt, and Kasemeyer

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 16, 2018

CHAPTER _____

1 AN ACT concerning

- Income Tax Subtraction Modification Military Retirement Income

 Individuals at Least 65 Years Old Retirement Income

 (Hometown Heroes and Veterans Act of 2018)
- FOR the purpose of altering a subtraction modification under the State income tax for certain military retirement income for individuals who are at least a certain age; providing a subtraction modification under the Maryland income tax under certain circumstances for a certain amount of retirement income attributable to certain employment as a correctional officer; defining a certain term; providing for the application of this Act; and generally relating to the State income tax on certain retirement income.
- 12 BY repealing and reenacting, without amendments,
- 13 Article Tax General
- 14 Section 10–207(a)
- 15 Annotated Code of Maryland
- 16 (2016 Replacement Volume and 2017 Supplement)
- 17 BY repealing and reenacting, with amendments,
- 18 Article Tax General
- 19 Section 10–207(q) and 10–209
- 20 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

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

1	(2016 Replacement Volume and 2017 Supplement)				
2 3	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:				
4	Article – Tax – General				
5	10–207.				
6 7 8	this section are subtracted from the federal adjusted gross income of a resident to determine				
9 10	(q) (1) (i) In this subsection the following words have the meanings indicated.				
11 12					
13	(iii) "Military service" means:				
14 15 16	1. induction into the armed forces of the United States for training and service under the Selective Training and Service Act of 1940 or a subsequent act of a similar nature;				
17 18	2. membership in a reserve component of the armed forces of the United States;				
19 20	3. membership in an active component of the armed forces of the United States;				
21	4. membership in the Maryland National Guard; or				
22 23 24	5. active duty with the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, or the Coast and Geodetic Survey.				
25	(2) The subtraction under subsection (a) of this section includes:				
26 27 28	(i) if, on the last day of the taxable year, the individual is under the age of $\underline{\bf 65}$ $\underline{\bf 55}$ years, the first \$5,000 of military retirement income received by an individual during the taxable year; and				
29 30	(ii) if, on the last day of the taxable year, the individual is at least 65 years old, the first [\$10,000] \$15,000 of military retirement income received by an				

individual during the taxable year.

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1	<u>10–209.</u>		
2	<u>(a) (1) In</u>	this section	on the following words have the meanings indicated.
3	<u>(2)</u> <u>"C</u>	CORRECT	IONAL OFFICER" MEANS AN INDIVIDUAL WHO:
4	<u>(I)</u>	WAS I	EMPLOYED IN:
5 6	1–101 OF THE CORR	1. ECTIONA	A STATE CORRECTIONAL FACILITY, AS DEFINED IN § L SERVICES ARTICLE;
7 8	1–101 OF THE CORR	<u>2.</u> ECTIONA	A LOCAL CORRECTIONAL FACILITY, AS DEFINED IN § L SERVICES ARTICLE;
9		<u>3.</u>	A JUVENILE DETENTION FACILITY IN THE STATE; OR
10 11 12	EQUIVALENT TO A DETENTION FACILIT		A FACILITY OF THE UNITED STATES THAT IS R LOCAL CORRECTIONAL FACILITY OR A JUVENILE STATE; AND
13 14 15	ATTRIBUTABLE TO PARAGRAPH.		ELIGIBLE TO RECEIVE RETIREMENT INCOME DIVIDUAL'S EMPLOYMENT UNDER ITEM (I) OF THIS
16 17	[(2)] (3) technicians or parame		rgency services personnel" means emergency medical
18	[(3)] (4)	<u>(i)</u>	"Employee retirement system" means a plan:
19 20	of its employees; and	<u>1.</u>	established and maintained by an employer for the benefit
21 22	Revenue Code.	<u>2.</u>	qualified under § 401(a), § 403, or § 457(b) of the Internal
23	<u>(ii)</u>	<u>"Emp</u>	loyee retirement system" does not include:
24 25	of the Internal Revenu	<u>1.</u> ue Code;	an individual retirement account or annuity under § 408
26 27	Internal Revenue Cod	<u>2.</u> .e;	a Roth individual retirement account under § 408A of the
28		3.	a rollover individual retirement account:

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$\frac{1}{2}$	4. <u>a simplified employee pension under Internal Revenue</u> Code § 408(k); or				
	<u>Code 3 400(k), 01</u>				
3	5. an ineligible deferred compensation plan under § 457(f) of				
4	the Internal Revenue Code.				
5	(b) Subject to subsections (d) and (e) of this section, to determine Maryland				
6	adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years				
7 8	old or is totally disabled or the resident's spouse is totally disabled, or the resident is at				
9	least 55 years old and is a retired CORRECTIONAL OFFICER OR law enforcement officer or fire, rescue, or emergency services personnel of the United States, the State, or a political				
10					
11	to the lesser of:				
12	(1) the cumulative or total annuity, pension, or endowment income from an				
13	employee retirement system included in federal adjusted gross income; or				
11	(9) the manifest of the desired Consider Astronomical				
14 15	(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				
16	disability benefits under the Social Security Act, the Railroad Retirement Act, or both.				
1 =					
17	(c) For purposes of subsection (b)(2) of this section, the Comptroller:				
18	(1) shall determine the maximum annual benefit under the Social Security				
19	Act allowed for an individual who retired at age 65 for the prior calendar year; and				
20	(2) may allow the subtraction to the nearest \$100.				
21	(d) Military retirement income that is included in the subtraction under §				
22	10-207(q) of this subtitle may not be taken into account for purposes of the subtraction				
23	under this section.				
24	(e) In the case of a retired CORRECTIONAL OFFICER OR law enforcement officer				
25	or fire, rescue, or emergency services personnel of the United States, the State, or a political				
26	subdivision of the State, the amount included under subsection (b)(1) of this section is				
27	limited to the first \$15,000 of retirement income that is attributable to the resident's				
28 29	employment as a law enforcement officer or fire, rescue, or emergency services personnel of the United States, the State, or a political subdivision of the State unless:				
20	of the Chited States, the State, of a political subarvision of the State unless.				
30	(1) the resident is at least 65 years old or is totally disabled; or				
31	(2) the resident's spouse is totally disabled.				
32	SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July				
33	1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.				