HOUSE BILL 14

Q3 HB 58/18 – W&M

(PRE-FILED)

9lr0787

By: Delegate Brooks

Requested: November 19, 2018 Introduced and read first time: January 9, 2019 Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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Income Tax – Subtraction Modification – Retirement Income

FOR the purpose of including income from an individual retirement account or a certain annuity within a certain subtraction modification for certain retirement income under certain circumstances; repealing a certain obsolete provision relating to a certain retirement plan; providing for the application of this Act; and generally relating to a subtraction modification under the Maryland income tax for 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 2018 Supplement)
- SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

Article - Tax - General

10 - 209.17In this section the following words have the meanings indicated. 18 (a) (1)"Correctional officer" means an individual who: 19(2)20(i) was employed in: a State correctional facility, as defined in § 1–101 of the 211. 22Correctional Services Article;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [Brackets] indicate matter deleted from existing law.



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$\frac{1}{2}$	Correctional Services Ar	2. ticle;	a local correctional facility, as defined in § 1–101 of the
$\frac{3}{4}$	Services Article; or	3.	a juvenile facility included in § 9–226 of the Human
$5\\6\\7$	or local correctional facili Article; and	4. ity or a	a facility of the United States that is equivalent to a State juvenile facility included in § 9–226 of the Human Services
8 9	(ii) individual's employment		gible to receive retirement income attributable to the item (i) of this paragraph.
10 11	(3) "Emergency services personnel" means emergency medical technicians or paramedics.		
12	(4) (i)	"Emp	loyee retirement system" means a plan:
$\frac{13}{14}$	of its employees; and	1.	established and maintained by an employer for the benefit
1516	Revenue Code.	2.	qualified under § 401(a), § 403, or § 457(b) of the Internal
17	(ii)	"Emp	loyee retirement system" does not include:
$18 \\ 19 \\ 20$	SECTION, an individual : Code;	1. retiren	EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS ment account or annuity under § 408 of the Internal Revenue
$\begin{array}{c} 21 \\ 22 \end{array}$	Internal Revenue Code;	2.	a Roth individual retirement account under § 408A of the
23		3.	[a rollover individual retirement account;
$24 \\ 25$	Code § 408(k); or	4.]	a simplified employee pension under Internal Revenue
$\frac{26}{27}$	the Internal Revenue Co		. an ineligible deferred compensation plan under § $457(f)$ of
28	(b) Subject to	subsec	tions (d) and (e) of this section, to determine Maryland

(b) Subject to subsections (d) and (e) of this section, to determine Maryland adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years old or is totally disabled or the resident's spouse is totally disabled, or the resident is at least 55 years old and is a retired correctional officer, law enforcement officer, or fire, rescue, or emergency services personnel of the United States, the State, or a political

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subdivision of the State, an amount is subtracted from federal adjusted gross income equalto 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.

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(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

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(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) In the case of a retired correctional officer, law enforcement officer, or fire, 16 rescue, or emergency services personnel of the United States, the State, or a political 17 subdivision of the State, the amount included under subsection (b)(1) of this section is 18 limited to the first \$15,000 of retirement income that is attributable to the resident's 19 employment as a correctional officer, a law enforcement officer, or fire, rescue, or emergency 20 services personnel of the United States, the State, or a political subdivision of the State 21 unless:

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

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

(F) FOR PURPOSES OF THIS SECTION, A DISTRIBUTION FROM AN INDIVIDUAL RETIREMENT ACCOUNT OR AN ANNUITY ESTABLISHED UNDER § 408 OF THE INTERNAL REVENUE CODE SHALL BE TREATED AS INCOME FROM AN EMPLOYEE RETIREMENT SYSTEM IF CONTRIBUTIONS TO THE INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY CONSIST ENTIRELY OF THE TAX-FREE ROLLOVER OF DISTRIBUTIONS FROM AN EMPLOYEE RETIREMENT SYSTEM.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 31 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018.