

HOUSE BILL 371

Q3

0lr1213

By: **Delegates Lisanti and P. Young**

Introduced and read first time: January 22, 2020

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Military Retirement Income**
3 **(Defense Workforce Opportunity Act)**

4 FOR the purpose of altering, for certain taxable years, a certain limitation on a subtraction
5 modification under the Maryland income tax for certain military retirement income;
6 providing for the application of this Act; and generally relating to a subtraction
7 modification for military retirement income.

8 BY repealing and reenacting, without amendments,

9 Article – Tax – General

10 Section 10–207(a)

11 Annotated Code of Maryland

12 (2016 Replacement Volume and 2019 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Tax – General

15 Section 10–207(q)

16 Annotated Code of Maryland

17 (2016 Replacement Volume and 2019 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Tax – General**

21 10–207.

22 (a) To the extent included in federal adjusted gross income, the amounts under
23 this section are subtracted from the federal adjusted gross income of a resident to determine
24 Maryland adjusted gross income.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (q) (1) (i) In this subsection the following words have the meanings
2 indicated.

3 (ii) "Military retirement income" means retirement income,
4 including death benefits, received as a result of military service.

5 (iii) "Military service" means:

6 1. induction into the armed forces of the United States for
7 training and service under the Selective Training and Service Act of 1940 or a subsequent
8 act of a similar nature;

9 2. membership in a reserve component of the armed forces of
10 the United States;

11 3. membership in an active component of the armed forces of
12 the United States;

13 4. membership in the Maryland National Guard; or

14 5. active duty with the commissioned corps of the Public
15 Health Service, the National Oceanic and Atmospheric Administration, or the Coast and
16 Geodetic Survey.

17 (2) The subtraction under subsection (a) of this section includes:

18 [(i) if, on the last day of the taxable year, the individual is under the
19 age of 55 years, the first \$5,000 of military retirement income received by an individual
20 during the taxable year; and

21 (ii) if, on the last day of the taxable year, the individual is at least 55
22 years old, the first \$15,000 of military retirement income received by an individual during
23 the taxable year.]

24 **(I) IF, ON THE LAST DAY OF THE TAXABLE YEAR, THE**
25 **INDIVIDUAL IS UNDER THE AGE OF 55 YEARS:**

26 **1. THE FIRST \$5,000 OF MILITARY RETIREMENT INCOME**
27 **RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER**
28 **DECEMBER 31, 2019, BUT BEFORE JANUARY 1, 2021;**

29 **2. THE FIRST \$7,500 OF MILITARY RETIREMENT INCOME**
30 **RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER**
31 **DECEMBER 31, 2020, BUT BEFORE JANUARY 1, 2022;**

32 **3. THE FIRST \$15,000 OF MILITARY RETIREMENT**

1 INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER
2 DECEMBER 31, 2021, BUT BEFORE JANUARY 1, 2023;

3 4. THE FIRST \$20,000 OF MILITARY RETIREMENT
4 INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER
5 DECEMBER 31, 2022, BUT BEFORE JANUARY 1, 2024; AND

6 5. ALL MILITARY RETIREMENT INCOME RECEIVED BY AN
7 INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2023; AND

8 (II) IF, ON THE LAST DAY OF THE TAXABLE YEAR, THE
9 INDIVIDUAL IS AT LEAST 55 YEARS OLD:

10 1. THE FIRST \$15,000 OF MILITARY RETIREMENT
11 INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER
12 DECEMBER 31, 2019, BUT BEFORE JANUARY 1, 2021;

13 2. THE FIRST \$17,500 OF MILITARY RETIREMENT
14 INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER
15 DECEMBER 31, 2020, BUT BEFORE JANUARY 1, 2022;

16 3. THE FIRST \$25,000 OF MILITARY RETIREMENT
17 INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER
18 DECEMBER 31, 2021, BUT BEFORE JANUARY 1, 2023;

19 4. THE FIRST \$30,000 OF MILITARY RETIREMENT
20 INCOME RECEIVED BY AN INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER
21 DECEMBER 31, 2022, BUT BEFORE JANUARY 1, 2024; AND

22 5. ALL MILITARY RETIREMENT INCOME RECEIVED BY AN
23 INDIVIDUAL DURING A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2023.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.