

HOUSE BILL 1358

Q3

0lr2843

By: **Delegates Krebs, Anderton, Arentz, Bagnall, Buckel, Chisholm, Cox, M. Fisher, Hornberger, Jacobs, Kittleman, Malone, Mangione, Mautz, McComas, Morgan, Otto, Reilly, and Saab**

Introduced and read first time: February 7, 2020

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of including certain income reported on a certain Internal Revenue
4 Service form within a certain subtraction modification allowed under the Maryland
5 income tax for certain individuals who are at least a certain age or who are disabled
6 or whose spouse is disabled; altering a certain definition; providing for the
7 application of this Act; and generally relating to a subtraction modification under
8 the Maryland income tax for 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 2019 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) “Correctional officer” means an individual who:

20 (i) was employed in:

21 1. a State correctional facility, as defined in § 1–101 of the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) Subject to subsections (d) and (e) of this section, to determine Maryland
2 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years
3 old or is totally disabled or the resident's spouse is totally disabled, or the resident is at
4 least 55 years old and is a retired correctional officer, law enforcement officer, or fire,
5 rescue, or emergency services personnel of the United States, the State, or a political
6 subdivision of the State, an amount is subtracted from federal adjusted gross income equal
7 to the lesser of:

8 (1) the [cumulative or total annuity, pension, or endowment income from
9 an employee retirement system] **TOTAL AMOUNT OF QUALIFIED RETIREMENT INCOME**
10 included in federal adjusted gross income; or

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

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

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

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

18 (d) Military retirement income that is included in the subtraction under §
19 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction
20 under this section.

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

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

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

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