

SENATE BILL 278

Q3

0lr0154
CF HB 342

By: **The President (By Request – Administration) and Senators Bailey, Beidle, Carozza, Cassilly, Eckardt, Edwards, Elfreth, Gallion, Hershey, Jennings, Ready, Salling, Serafini, Simonaire, and West**

Introduced and read first time: January 20, 2020

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Retirement Tax Reduction Act of 2020**

3 FOR the purpose of allowing certain individuals a subtraction modification under the
4 Maryland income tax for a certain amount of income; limiting the amount of the
5 subtraction modification for certain taxable years; providing that the subtraction
6 modification may not include income that is included under a certain other
7 subtraction modification; prohibiting an individual that includes income under the
8 subtraction modification from including income under a certain subtraction
9 modification for certain retirement income; requiring the Comptroller to adopt
10 certain regulations; and generally relating to a subtraction modification under the
11 Maryland income tax.

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 2019 Supplement)

17 BY adding to
18 Article – Tax – General
19 Section 10–207(hh)
20 Annotated Code of Maryland
21 (2016 Replacement Volume and 2019 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article – Tax – General
24 Section 10–209
25 Annotated Code of Maryland
26 (2016 Replacement Volume and 2019 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Tax – General**

4 10–207.

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

8 **(HH) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE**
9 **SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES ANY INCOME OF**
10 **AN INDIVIDUAL IF, ON THE LAST DAY OF THE TAXABLE YEAR, THE INDIVIDUAL:**

11 **(I) HAS A FEDERAL ADJUSTED GROSS INCOME OF \$100,000 OR**
12 **LESS; AND**

13 **(II) 1. IS RECEIVING OLD AGE OR SURVIVOR BENEFITS**
14 **UNDER THE SOCIAL SECURITY ACT; OR**

15 **2. A. IS AT LEAST 65 YEARS OLD; AND**

16 **B. IS NOT EMPLOYED FULL TIME.**

17 **(2) INCOME THAT IS INCLUDED IN A SUBTRACTION AUTHORIZED**
18 **UNDER THIS SUBTITLE MAY NOT BE INCLUDED IN THE SUBTRACTION AUTHORIZED**
19 **UNDER THIS SUBSECTION.**

20 **(3) THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS SUBSECTION**
21 **MAY NOT EXCEED:**

22 **(I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
23 **2021, BUT BEFORE JANUARY 1, 2023, \$10,000;**

24 **(II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
25 **2022, BUT BEFORE JANUARY 1, 2024, \$20,000;**

26 **(III) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
27 **2023, BUT BEFORE JANUARY 1, 2025, \$30,000;**

28 **(IV) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
29 **2024, BUT BEFORE JANUARY 1, 2026, \$40,000; AND**

1 (V) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
2 2025, \$50,000.

3 (4) THE COMPTROLLER SHALL ADOPT REGULATIONS TO IMPLEMENT
4 THE PROVISIONS OF THIS SUBSECTION.

5 10–209.

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

7 (2) “Correctional officer” means an individual who:

8 (i) was employed in:

9 1. a State correctional facility, as defined in § 1–101 of the
10 Correctional Services Article;

11 2. a local correctional facility, as defined in § 1–101 of the
12 Correctional Services Article;

13 3. a juvenile facility included in § 9–226 of the Human
14 Services Article; or

15 4. a facility of the United States that is equivalent to a State
16 or local correctional facility or a juvenile facility included in § 9–226 of the Human Services
17 Article; and

18 (ii) is eligible to receive retirement income attributable to the
19 individual’s employment under item (i) of this paragraph.

20 (3) “Emergency services personnel” means emergency medical technicians
21 or paramedics.

22 (4) (i) “Employee retirement system” means a plan:

23 1. established and maintained by an employer for the benefit
24 of its employees; and

25 2. qualified under § 401(a), § 403, or § 457(b) of the Internal
26 Revenue Code.

27 (ii) “Employee retirement system” does not include:

28 1. an individual retirement account or annuity under § 408
29 of the Internal Revenue Code;

1 employment as a correctional officer, a law enforcement officer, or fire, rescue, or emergency
2 services personnel of the United States, the State, or a political subdivision of the State
3 unless:

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

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

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
7 1, 2020.