

HOUSE BILL 1468

Q3

2lr3282

By: **Delegate B. Barnes**

Introduced and read first time: February 26, 2022

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of allowing a subtraction modification under the Maryland income tax for
4 individuals who are at least a certain age for certain retirement income attributable
5 to the individual's employment as a public safety employee; providing that
6 retirement income of public safety employees that is included in the subtraction
7 allowed under this Act may not be taken into account for purposes of a certain
8 subtraction modification under the Maryland income tax for certain retirement
9 income; and generally relating to subtraction modifications under the Maryland
10 income tax for retirement income.

11 BY repealing and reenacting, without amendments,
12 Article – Tax – General
13 Section 10–207(a)
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2021 Supplement)

16 BY adding to
17 Article – Tax – General
18 Section 10–207(mm)
19 Annotated Code of Maryland
20 (2016 Replacement Volume and 2021 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article – Tax – General
23 Section 10–209
24 Annotated Code of Maryland
25 (2016 Replacement Volume and 2021 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Tax – General

1

2 10–207.

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

6 (MM) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
7 MEANINGS INDICATED.

8 (II) “CORRECTIONAL OFFICER” MEANS AN INDIVIDUAL WHO:

9 1. WAS EMPLOYED IN:

10 A. A STATE CORRECTIONAL FACILITY, AS DEFINED IN §
11 1–101 OF THE CORRECTIONAL SERVICES ARTICLE;

12 B. A LOCAL CORRECTIONAL FACILITY, AS DEFINED IN §
13 1–101 OF THE CORRECTIONAL SERVICES ARTICLE;

14 C. A JUVENILE FACILITY INCLUDED IN § 9–226 OF THE
15 HUMAN SERVICES ARTICLE; OR

16 D. A FACILITY OF THE UNITED STATES THAT IS
17 EQUIVALENT TO A STATE OR LOCAL CORRECTIONAL FACILITY OR A JUVENILE
18 FACILITY INCLUDED IN § 9–226 OF THE HUMAN SERVICES ARTICLE; AND

19 2. IS ELIGIBLE TO RECEIVE RETIREMENT INCOME
20 ATTRIBUTABLE TO THE INDIVIDUAL’S EMPLOYMENT UNDER ITEM 1 OF THIS
21 SUBPARAGRAPH.

22 (III) “EMERGENCY SERVICES PERSONNEL” MEANS EMERGENCY
23 MEDICAL TECHNICIANS OR PARAMEDICS.

24 (IV) “EMPLOYEE RETIREMENT SYSTEM” HAS THE MEANING
25 STATED UNDER § 10–209(A) OF THIS SUBTITLE.

26 (V) “PUBLIC SAFETY EMPLOYEE” MEANS AN INDIVIDUAL WHO
27 IS A RETIRED CORRECTIONAL OFFICER, LAW ENFORCEMENT OFFICER, OR FIRE,
28 RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE
29 STATE, OR A POLITICAL SUBDIVISION OF THE STATE.

30 (2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION

1 INCLUDES THE FIRST \$15,000 OF INCOME FROM AN EMPLOYEE RETIREMENT
2 SYSTEM THAT IS ATTRIBUTABLE TO SERVICE AS A PUBLIC SAFETY EMPLOYEE, IF THE
3 INCOME IS RECEIVED BY AN INDIVIDUAL WHO IS AT LEAST 55 YEARS OLD ON THE
4 LAST DAY OF THE TAXABLE YEAR.

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”:

23 (1) “EMPLOYEE retirement system” means a plan:

24 [1.] (I) established and maintained by an employer for the
25 benefit of its employees; and

26 [2.] (II) qualified under § 401(a), § 403, or § 457(b) of the
27 Internal Revenue Code[.]; AND

28 [(ii)] (2) [“Employee” “EMPLOYEE retirement system” does not
29 include:

30 [1.] (I) an individual retirement account or annuity under

1 § 408 of the Internal Revenue Code;

2 [2.] (II) a Roth individual retirement account under § 408A
3 of the Internal Revenue Code;

4 [3.] (III) a rollover individual retirement account;

5 [4.] (IV) a simplified employee pension under Internal
6 Revenue Code § 408(k); or

7 [5.] (V) an ineligible deferred compensation plan under §
8 457(f) of the Internal Revenue Code.

9 (b) Subject to [subsections] **SUBSECTION** (d) [and (e)] of this section, to
10 determine Maryland adjusted gross income, if, on the last day of the taxable year, a resident
11 is at least 65 years old or is totally disabled or the resident's spouse is totally disabled, [or
12 the resident is at least 55 years old and is a retired correctional officer, law enforcement
13 officer, or fire, rescue, or emergency services personnel of the United States, the State, or a
14 political subdivision of the State,] an amount is subtracted from federal adjusted gross
15 income equal to the lesser of:

16 (1) the cumulative or total annuity, pension, or endowment income from an
17 employee retirement system included in federal adjusted gross income; or

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

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

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

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

25 (d) **(1)** Military retirement income that is included in the subtraction under §
26 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction
27 under this section.

28 **(2) PUBLIC SAFETY EMPLOYEE RETIREMENT INCOME THAT IS**
29 **INCLUDED IN THE SUBTRACTION UNDER § 10–207(MM) OF THIS SUBTITLE MAY NOT**
30 **BE TAKEN INTO ACCOUNT FOR PURPOSES OF THE SUBTRACTION UNDER THIS**
31 **SECTION.**

32 [(e) In the case of a retired correctional officer, law enforcement officer, or fire,
33 rescue, or emergency services personnel of the United States, the State, or a political

1 subdivision of the State, the amount included under subsection (b)(1) of this section is
2 limited to the first \$15,000 of retirement income that is attributable to the resident's
3 employment as a correctional officer, a law enforcement officer, or fire, rescue, or emergency
4 services personnel of the United States, the State, or a political subdivision of the State
5 unless:

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

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

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
9 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.