

# SENATE BILL 344

Q3

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By: **Senators Hershey and Elfreth**

Introduced and read first time: January 21, 2022

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Retirement Tax Reduction Act of 2022**

3 FOR the purpose of allowing certain individuals a subtraction modification under the  
4 Maryland income tax for a certain amount of income if the individual is receiving old  
5 age or survivor Social Security benefits or is at least a certain age and not employed  
6 full-time; providing that the subtraction modification may not include income that  
7 is included under another subtraction modification; prohibiting an individual that  
8 includes income under the subtraction modification from including income under a  
9 subtraction modification for certain retirement income; and generally relating to a  
10 subtraction modification under the Maryland income tax.

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:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



## Article – Tax – General

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

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

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

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

14 **B. IS NOT EMPLOYED FULL-TIME.**

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

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

20 **(I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**  
21 **2022, BUT BEFORE JANUARY 1, 2024, THE GREATER OF 50% OR THE FIRST \$15,000**  
22 **OF THE AMOUNT OF INCOME THAT IS ELIGIBLE UNDER PARAGRAPH (1) OF THIS**  
23 **SUBSECTION; AND**

24 **(II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**  
25 **2023, 100% OF THE AMOUNT OF INCOME THAT IS ELIGIBLE UNDER PARAGRAPH (1)**  
26 **OF THIS SUBSECTION.**

27 **(4) THE COMPTROLLER SHALL ADOPT REGULATIONS TO IMPLEMENT**  
28 **THE PROVISIONS OF THIS SUBSECTION.**

29 10–209.

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

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

3 (i) was employed in:

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

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

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

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

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

15 (3) “Emergency services personnel” means emergency medical technicians  
16 or paramedics.

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

18 1. established and maintained by an employer for the benefit  
19 of its employees; and

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

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

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

25 2. a Roth individual retirement account under § 408A of the  
26 Internal Revenue Code;

27 3. a rollover individual retirement account;

28 4. a simplified employee pension under Internal Revenue  
29 Code § 408(k); or

30 5. an ineligible deferred compensation plan under § 457(f) of

1 the Internal Revenue Code.

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

9 (1) the cumulative or total annuity, pension, or endowment income from an  
10 employee retirement system 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) (1) 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 (2) **AN INDIVIDUAL WITH INCOME THAT IS INCLUDED IN THE**  
22 **SUBTRACTION UNDER § 10-207(MM) OF THIS SUBTITLE MAY NOT INCLUDE INCOME**  
23 **IN THE SUBTRACTION UNDER THIS SECTION.**

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

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

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

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
34 1, 2022.