

SENATE BILL 405

Q3

2lr0150
CF HB 420

By: **The President (By Request – Administration) and Senators Bailey, Carozza, Cassilly, Corderman, Eckardt, Edwards, Elfreth, Hershey, Hester, Jennings, Ready, Salling, Simonaire, ~~and West West~~, Griffith, Guzzone, Jackson, King, McCray, Rosapepe, Young, and Zucker**

Introduced and read first time: January 24, 2022

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 15, 2022

CHAPTER _____

1 AN ACT concerning

2 **Retirement Tax Elimination Act of 2022**

3 FOR the purpose of ~~allowing, subject to certain limitations, certain individuals a~~
4 ~~subtraction modification under the Maryland income tax for a certain amount of~~
5 ~~income; prohibiting an individual who includes income under the subtraction~~
6 ~~modification from including income under a certain subtraction modification for~~
7 ~~certain retirement income; and generally relating to a subtraction modification~~
8 ~~under the Maryland income tax providing a tax credit against the Maryland income~~
9 ~~tax for certain residents who are at least a certain age; and generally relating to an~~
10 income tax credit for seniors.

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)~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 ~~BY repealing and reenacting, with amendments,~~
 2 ~~Article – Tax – General~~
 3 ~~Section 10-209(d)~~
 4 ~~Annotated Code of Maryland~~
 5 ~~(2016 Replacement Volume and 2021 Supplement)~~

6 BY adding to
 7 Article – Tax – General
 8 Section 10-754
 9 Annotated Code of Maryland
 10 (2016 Replacement Volume and 2021 Supplement)

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

13 **Article – Tax – General**

14 ~~10-207.~~

15 ~~(a) To the extent included in federal adjusted gross income, the amounts under~~
 16 ~~this section are subtracted from the federal adjusted gross income of a resident to determine~~
 17 ~~Maryland adjusted gross income.~~

18 ~~(MM) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE~~
 19 ~~SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES ANY INCOME OF~~
 20 ~~AN INDIVIDUAL IF, ON THE LAST DAY OF THE TAXABLE YEAR, THE INDIVIDUAL:~~

21 ~~(I) IS RECEIVING OLD AGE OR SURVIVOR BENEFITS UNDER THE~~
 22 ~~SOCIAL SECURITY ACT; OR~~

23 ~~(II) 1. IS AT LEAST 65 YEARS OLD; AND~~

24 ~~2. IS NOT EMPLOYED FULL TIME.~~

25 ~~(2) INCOME THAT IS OTHERWISE INCLUDED IN A SUBTRACTION~~
 26 ~~AUTHORIZED UNDER THIS SUBTITLE MAY NOT BE INCLUDED IN THE SUBTRACTION~~
 27 ~~AUTHORIZED UNDER THIS SUBSECTION.~~

28 ~~(3) (I) THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS~~
 29 ~~SUBSECTION MAY NOT EXCEED:~~

30 ~~1. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER~~
 31 ~~31, 2021, BUT BEFORE JANUARY 1, 2023, \$10,000;~~

~~2. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2022, BUT BEFORE JANUARY 1, 2024, \$20,000;~~

~~3. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2023, BUT BEFORE JANUARY 1, 2025, \$30,000;~~

~~4. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2024, BUT BEFORE JANUARY 1, 2026, \$40,000; AND~~

~~5. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025, BUT BEFORE JANUARY 1, 2027, \$50,000.~~

~~(H) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2026, THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS SUBSECTION INCLUDES ALL INCOME OF THE INDIVIDUAL.~~

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

~~10-209.~~

~~(d) (1) Military retirement income that is included in the subtraction under § 10-207(g) of this subtitle may not be taken into account for purposes of the subtraction under this section.~~

~~(2) INCOME THAT IS INCLUDED IN THE SUBTRACTION UNDER § 10-207(MM) OF THIS SUBTITLE MAY NOT BE TAKEN INTO ACCOUNT FOR PURPOSES OF THE SUBTRACTION UNDER THIS SECTION.~~

10-754.

(A) IN THIS SECTION, "ELIGIBLE TAXPAYER" MEANS A RESIDENT WHO, ON THE LAST DAY OF THE TAXABLE YEAR, IS AT LEAST 65 YEARS OLD.

(B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION AND SUBJECT TO SUBSECTION (D) OF THIS SECTION, AN ELIGIBLE TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT EQUAL TO:

(1) \$1,000 FOR AN ELIGIBLE TAXPAYER, OTHER THAN AN INDIVIDUAL DESCRIBED UNDER ITEM (2) OF THIS SUBSECTION, WHOSE FEDERAL ADJUSTED GROSS INCOME DOES NOT EXCEED \$100,000; OR

(2) FOR SPOUSES FILING A JOINT RETURN OR FOR A SURVIVING SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE INTERNAL REVENUE CODE WHOSE FEDERAL ADJUSTED GROSS INCOME DOES NOT EXCEED \$150,000;

1 **(I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM, \$1,750; OR**

2 **(II) IF ONLY ONE OF THE INDIVIDUALS FILING THE JOINT**
3 **RETURN IS AN ELIGIBLE TAXPAYER, \$1,000.**

4 **(C) FOR A TAXABLE YEAR IN WHICH THE SEPTEMBER GENERAL FUND**
5 **ESTIMATE IN THE SEPTEMBER BOARD OF REVENUE ESTIMATES REPORT ISSUED**
6 **DURING THE TAXABLE YEAR IS MORE THAN 7.5% BELOW THE MARCH GENERAL**
7 **FUND ESTIMATE IN THE MARCH BOARD OF REVENUE ESTIMATES REPORT ISSUED**
8 **IN THE TAXABLE YEAR, THE AMOUNT OF THE CREDIT ALLOWED UNDER SUBSECTION**
9 **(B) OF THIS SECTION IS LIMITED TO:**

10 **(1) \$500 FOR AN ELIGIBLE TAXPAYER, OTHER THAN AN INDIVIDUAL**
11 **DESCRIBED UNDER ITEM (2) OF THIS SUBSECTION, WHOSE FEDERAL ADJUSTED**
12 **GROSS INCOME IS AT LEAST \$50,000 BUT DOES NOT EXCEED \$100,000; OR**

13 **(2) FOR SPOUSES FILING A JOINT RETURN OR FOR A SURVIVING**
14 **SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE INTERNAL REVENUE**
15 **CODE WHOSE FEDERAL ADJUSTED GROSS INCOME IS AT LEAST \$100,000 BUT DOES**
16 **NOT EXCEED \$150,000:**

17 **(I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM, \$875; OR**

18 **(II) IF ONLY ONE OF THE INDIVIDUALS FILING THE JOINT**
19 **RETURN IS AN ELIGIBLE TAXPAYER, \$500.**

20 **(D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR**
21 **EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE UNUSED AMOUNT**
22 **OF THE CREDIT MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
24 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.