

HOUSE BILL 195

Q3

3lr1233

By: **Delegate Crosby**

Introduced and read first time: January 20, 2023

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 retirement income within a certain subtraction
4 modification under the Maryland income tax for a certain individual who is at least
5 a certain age or who is disabled or whose spouse is disabled; and generally relating
6 to a subtraction modification under the Maryland income tax for retirement income.

7 BY repealing and reenacting, with amendments,

8 Article – Tax – General

9 Section 10–209

10 Annotated Code of Maryland

11 (2022 Replacement Volume)

12 (As enacted by Chapters 3, 4, and 39 of the Acts of the General Assembly of 2022)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

14 That the Laws of Maryland read as follows:

15 **Article – Tax – General**

16 10–209.

17 (a) In this section:

18 [(1) “employee retirement system” means a plan:

19 (i) established and maintained by an employer for the benefit of its
20 employees; and

21 (ii) qualified under § 401(a), § 403, or § 457(b) of the Internal
22 Revenue Code; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) “employee retirement system” does not include:

2 (i) an individual retirement account or annuity under § 408 of the
3 Internal Revenue Code;

4 (ii) a Roth individual retirement account under § 408A of the
5 Internal Revenue Code;

6 (iii) a rollover individual retirement account;

7 (iv) a simplified employee pension under Internal Revenue Code §
8 408(k); or

9 (v) an ineligible deferred compensation plan under § 457(f) of the
10 Internal Revenue Code.]

11 (1) “QUALIFIED RETIREMENT PLAN” MEANS:

12 (I) A RETIREMENT PLAN QUALIFIED UNDER § 401(A), § 403, OR
13 § 457(B) OF THE INTERNAL REVENUE CODE;

14 (II) AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY UNDER
15 § 408 OF THE INTERNAL REVENUE CODE;

16 (III) A ROLLOVER INDIVIDUAL RETIREMENT ACCOUNT;

17 (IV) A SIMPLIFIED EMPLOYEE PENSION UNDER § 408(K) OF THE
18 INTERNAL REVENUE CODE;

19 (V) A SAVINGS INCENTIVE MATCH PLAN FOR AN EMPLOYEE
20 RETIREMENT PLAN UNDER § 408 OF THE INTERNAL REVENUE CODE; OR

21 (VI) A ROTH INDIVIDUAL RETIREMENT ACCOUNT UNDER § 408A
22 OF THE INTERNAL REVENUE CODE; AND

23 (2) “QUALIFIED RETIREMENT PLAN” DOES NOT INCLUDE AN
24 INELIGIBLE DEFERRED COMPENSATION PLAN UNDER § 457(F) OF THE INTERNAL
25 REVENUE CODE.

26 (b) Subject to subsections (d) and (e) of this section, to determine Maryland
27 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years
28 old or is totally disabled or the resident’s spouse is totally disabled, or the resident is 55
29 years old and is a retired forest ranger, park ranger, or wildlife ranger of the United States,

1 the State, or a political subdivision of the State, an amount is subtracted from federal
2 adjusted gross income equal to the lesser of:

3 (1) the cumulative or total [annuity, pension, or endowment] income from
4 [an employee retirement system] A **QUALIFIED RETIREMENT PLAN** included in federal
5 adjusted gross income; or

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

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

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

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

13 (d) (1) Military retirement income that is included in the subtraction under §
14 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction
15 under this section.

16 (2) Public safety employee retirement income that is included in the
17 subtraction under § 10–207(mm) of this subtitle may not be taken into account for purposes
18 of the subtraction under this section.

19 (e) In the case of a retired forest ranger, park ranger, or wildlife ranger of the
20 United States, the State, or a political subdivision of the State, the amount included under
21 subsection (b)(1) of this section is limited to the first \$15,000 of retirement income that is
22 attributable to the resident's employment as a forest ranger, park ranger, or wildlife ranger
23 of the United States, the State, or a political subdivision of the State unless:

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

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

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
27 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022.