

SENATE BILL 346

Q3

4lr2217

By: **Senators Elfreth, Bailey, Beidle, Brooks, Carozza, Charles, Feldman, Folden, Gallion, James, King, Klausmeier, Kramer, Lam, McKay, Muse, Ready, Salling, Simonaire, and West**

Introduced and read first time: January 15, 2024

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Military Retirement Income**
3 **(Keep Our Heroes Home Act)**

4 FOR the purpose of phasing in, over a certain period of years, an increase in a subtraction
5 modification under the Maryland income tax to allow for a subtraction modification
6 of all military retirement income; and generally relating to a subtraction
7 modification under the Maryland income tax for military retirement income.

8 BY repealing and reenacting, without amendments,
9 Article – Tax – General
10 Section 10–207(a)
11 Annotated Code of Maryland
12 (2022 Replacement Volume and 2023 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Tax – General
15 Section 10–207(q)
16 Annotated Code of Maryland
17 (2022 Replacement Volume and 2023 Supplement)

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

20 **Article – Tax – General**

21 10–207.

22 (a) To the extent included in federal adjusted gross income, the amounts under
23 this section are subtracted from the federal adjusted gross income of a resident to determine

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Maryland adjusted gross income.

2 (q) (1) (i) In this subsection the following words have the meanings
3 indicated.

4 (ii) "Military retirement income" means retirement income,
5 including death benefits, received as a result of military service.

6 (iii) "Military service" means:

7 1. induction into the armed forces of the United States for
8 training and service under the Selective Training and Service Act of 1940 or a subsequent
9 act of a similar nature;

10 2. membership in a reserve component of the armed forces of
11 the United States;

12 3. membership in an active component of the armed forces of
13 the United States;

14 4. membership in the Maryland National Guard; or

15 5. active duty with the commissioned corps of the Public
16 Health Service, the National Oceanic and Atmospheric Administration, or the Coast and
17 Geodetic Survey.

18 (2) The subtraction under subsection (a) of this section includes:

19 [(i) if, on the last day of the taxable year, the individual is under the
20 age of 55 years, the first \$12,500 of military retirement income received by an individual
21 during the taxable year; and

22 (ii) if, on the last day of the taxable year, the individual is at least 55
23 years old, the first \$20,000 of military retirement income received by an individual during
24 the taxable year.]

25 **(I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
26 **2023, BUT BEFORE JANUARY 1, 2025, THE FIRST \$20,000 OF MILITARY RETIREMENT**
27 **INCOME RECEIVED BY AN INDIVIDUAL DURING THE TAXABLE YEAR;**

28 **(II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
29 **2024, BUT BEFORE JANUARY 1, 2026, THE GREATER OF \$20,000 OR 50% OF THE**
30 **AMOUNT OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING**
31 **THE TAXABLE YEAR; AND**

32 **(III) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**

1 **2025, ALL MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING**
2 **THE TAXABLE YEAR.**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
4 1, 2024.