

SENATE BILL 422

Q3

4lr1915

By: **Senator Rosapepe**

Introduced and read first time: January 19, 2024

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Foreign Service Retirement Income**

3 FOR the purpose of allowing a subtraction modification under the Maryland income tax for
4 certain foreign service retirement income received by an individual during the
5 taxable year; providing that foreign service retirement income that is included in the
6 subtraction allowed under this Act may not be taken into account for purposes of a
7 certain subtraction modification under the Maryland income tax for certain
8 retirement income; and generally relating to a subtraction modification under the
9 Maryland income tax for foreign service retirement income.

10 BY repealing and reenacting, without amendments,
11 Article – Tax – General
12 Section 10–207(a)
13 Annotated Code of Maryland
14 (2022 Replacement Volume and 2023 Supplement)

15 BY adding to
16 Article – Tax – General
17 Section 10–207(pp)
18 Annotated Code of Maryland
19 (2022 Replacement Volume and 2023 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Tax – General
22 Section 10–209(d)
23 Annotated Code of Maryland
24 (2022 Replacement Volume and 2023 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Tax – General**

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 **(PP) (1) IN THIS SUBSECTION, “FOREIGN SERVICE RETIREMENT INCOME”**
7 **MEANS RETIREMENT INCOME FROM THE FOREIGN SERVICE RETIREMENT AND**
8 **DISABILITY SYSTEM OR THE FOREIGN SERVICE PENSION SYSTEM RECEIVED AS A**
9 **RESULT OF EMPLOYMENT IN THE FOREIGN SERVICE OF THE UNITED STATES.**

10 **(2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**
11 **INCLUDES:**

12 **(I) IF, ON THE LAST DAY OF THE TAXABLE YEAR, THE**
13 **INDIVIDUAL IS UNDER THE AGE OF 55 YEARS, THE FIRST \$12,500 OF FOREIGN**
14 **SERVICE RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING THE TAXABLE**
15 **YEAR; AND**

16 **(II) IF, ON THE LAST DAY OF THE TAXABLE YEAR, THE**
17 **INDIVIDUAL IS AT LEAST 55 YEARS OLD, THE FIRST \$20,000 OF FOREIGN SERVICE**
18 **RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING THE TAXABLE YEAR.**

19 10–209.

20 (d) (1) Military retirement income that is included in the subtraction under §
21 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction
22 under this section.

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

26 **(3) FOREIGN SERVICE RETIREMENT INCOME THAT IS INCLUDED IN**
27 **THE SUBTRACTION UNDER § 10–207(PP) OF THIS SUBTITLE MAY NOT BE TAKEN INTO**
28 **ACCOUNT FOR PURPOSES OF THE SUBTRACTION UNDER THIS SECTION.**

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
30 1, 2024, and shall be applicable to all taxable years beginning after December 31, 2023.