

HOUSE BILL 1216

Q3

4lr1935

By: **Delegates Parrott, Afzali, Dwyer, Eckardt, Elliott, Glass, Haddaway–Riccio, Hogan, Hough, Kipke, Krebs, McComas, McConkey, McDermott, McMillan, Ready, Schulz, Szeliga, and Vitale**

Introduced and read first time: February 7, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of providing a subtraction modification under the Maryland income
4 tax for any income received by an individual who is at least a certain age;
5 repealing certain obsolete provisions; providing for the application of this Act;
6 and generally relating to an income tax subtraction modification for income of
7 an individual who is at least a certain age.

8 BY repealing and reenacting, without amendments,
9 Article – Tax – General
10 Section 10–207(a)
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2013 Supplement)

13 BY adding to
14 Article – Tax – General
15 Section 10–207(bb)
16 Annotated Code of Maryland
17 (2010 Replacement Volume and 2013 Supplement)

18 BY repealing
19 Article – Tax – General
20 Section 10–209
21 Annotated Code of Maryland
22 (2010 Replacement Volume and 2013 Supplement)

23 BY repealing and reenacting, with amendments,
24 Article – Tax – General
25 Section 10–211(a)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2010 Replacement Volume and 2013 Supplement)

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

5 **Article – Tax – General**

6 10–207.

7 (a) To the extent included in federal adjusted gross income, the amounts
8 under this section are subtracted from the federal adjusted gross income of a resident
9 to determine Maryland adjusted gross income.

10 **(BB) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**
11 **INCLUDES ANY INCOME RECEIVED BY AN INDIVIDUAL DURING THE TAXABLE**
12 **YEAR IF ON THE LAST DAY OF THE TAXABLE YEAR THE INDIVIDUAL IS AT LEAST**
13 **65 YEARS OLD.**

14 [10–209.

15 (a) In this section:

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

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

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

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

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

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

26 (iii) a rollover individual retirement account;

27 (iv) a simplified employee pension under Internal Revenue Code
28 § 408(k); or

29 (v) an ineligible deferred compensation plan under § 457(f) of
30 the Internal Revenue Code.

1 (b) Subject to subsection (d) of this section, to determine Maryland adjusted
2 gross income, if, on the last day of the taxable year, a resident is at least 65 years old
3 or is totally disabled or the resident's spouse is totally disabled, an amount is
4 subtracted from federal adjusted gross income equal to the lesser of:

5 (1) the cumulative or total annuity, pension, or endowment income
6 from an employee retirement system included in federal adjusted gross income; or

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

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

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

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

16 (d) Military retirement income that is included in the subtraction under §
17 10-207(q) of this subtitle may not be taken into account for purposes of the subtraction
18 under this section.]

19 10-211.

20 (a) Except as provided in subsection (b) of this section, whether or not a
21 federal return is filed, to determine Maryland taxable income, an individual other
22 than a fiduciary may deduct as an exemption:

23 (1) \$3,200 for each exemption that the individual may deduct in the
24 taxable year to determine federal taxable income under § 151 of the Internal Revenue
25 Code;

26 (2) an additional \$3,200 for each dependent, as defined in § 152 of the
27 Internal Revenue Code, who is at least 65 years old on the last day of the taxable year;
28 **AND**

29 (3) [an additional \$1,000 if the individual, on the last day of the
30 taxable year, is at least 65 years old; and

31 (4)] an additional \$1,000 if the individual, on the last day of the taxable
32 year, is a blind individual, as described in § 10-208(c) of this subtitle.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2014, and shall be applicable to all taxable years beginning after December 31,
3 2013.