

# HOUSE BILL 33

Q3, F2

7lr0552

(PRE-FILED)

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By: **Delegate Afzali**

Requested: August 31, 2016

Introduced and read first time: January 11, 2017

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Retirement Account Withdrawals for**  
3 **Higher Education Tuition**

4 FOR the purpose of allowing a subtraction modification under the State income tax for the  
5 amount received from certain qualified retirement plans if the amount is used to pay  
6 for tuition for certain individuals at certain institutions of higher education;  
7 requiring certain taxpayers to file, with the taxpayer's tax return, a statement from  
8 certain institutions of higher education certifying a certain amount; providing that  
9 certain retirement income included in certain subtraction modifications may not be  
10 taken into account for purposes of a certain subtraction modification; providing for  
11 the application of this Act; and generally relating to a Maryland income tax  
12 subtraction modification for the amount received from qualified retirement plans  
13 used to pay tuition at institutions of higher education in the State.

14 BY repealing and reenacting, without amendments,  
15 Article – Tax – General  
16 Section 10–207(a)  
17 Annotated Code of Maryland  
18 (2010 Replacement Volume and 2016 Supplement)

19 BY adding to  
20 Article – Tax – General  
21 Section 10–207(ee)  
22 Annotated Code of Maryland  
23 (2010 Replacement Volume and 2016 Supplement)

24 BY repealing and reenacting, with amendments,  
25 Article – Tax – General  
26 Section 10–209(d)  
27 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2010 Replacement Volume and 2016 Supplement)

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

**Article – Tax – General**

10–207.

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

**(EE) (1) IN THIS SUBSECTION, “QUALIFIED RETIREMENT PLAN” MEANS:**

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

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

**(III) A ROTH INDIVIDUAL RETIREMENT ACCOUNT UNDER § 408A OF THE INTERNAL REVENUE CODE;**

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

**(V) AN INELIGIBLE DEFERRED COMPENSATION PLAN UNDER § 457(F) OF THE INTERNAL REVENUE CODE.**

**(2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES ANY AMOUNT RECEIVED FROM A QUALIFIED RETIREMENT PLAN IF THE AMOUNT RECEIVED IS USED DURING THE TAXABLE YEAR TO PAY FOR TUITION AT AN INSTITUTION OF HIGHER EDUCATION LOCATED IN THE STATE, INCLUDING PUBLIC INSTITUTIONS, PRIVATE INSTITUTIONS, FOR–PROFIT INSTITUTIONS, AND CAREER SCHOOLS, FOR AN INDIVIDUAL WHO IS THE TAXPAYER’S:**

**(I) SPOUSE;**

**(II) CHILD OR A DESCENDANT OF THE CHILD;**

**(III) BROTHER, SISTER, STEPBROTHER, OR STEPSISTER;**

**(IV) FATHER OR MOTHER, OR AN ANCESTOR OF EITHER;**

1 (V) STEPFATHER OR STEPMOTHER;

2 (VI) SON OR DAUGHTER OF A BROTHER OR SISTER OF THE  
3 TAXPAYER;

4 (VII) BROTHER OR SISTER OF THE FATHER OR MOTHER OF THE  
5 TAXPAYER; OR

6 (VIII) SON-IN-LAW, DAUGHTER-IN-LAW, FATHER-IN-LAW,  
7 MOTHER-IN-LAW, BROTHER-IN-LAW, OR SISTER-IN-LAW.

8 (3) TO QUALIFY FOR THE SUBTRACTION UNDER PARAGRAPH (2) OF  
9 THIS SUBSECTION, A TAXPAYER SHALL FILE, WITH THE TAXPAYER'S TAX RETURN, A  
10 STATEMENT FROM THE INSTITUTION OF HIGHER EDUCATION CERTIFYING THE  
11 AMOUNT OF TUITION PAID DURING THE TAXABLE YEAR.

12 10-209.

13 (d) [Military] ANY retirement income that is included in the [subtraction]  
14 SUBTRACTIONS under § 10-207(q) OR (EE) of this subtitle may not be taken into account  
15 for purposes of the subtraction under this section.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
17 1, 2017, and shall be applicable to all taxable years beginning after December 31, 2016.