

HOUSE BILL 296

Q3

8lr1145

By: **Delegates Hixson, Ali, Barkley, Beidle, Buckel, Chang, Ebersole, Fraser-Hidalgo, Healey, C. Howard, Kaiser, Kipke, Kramer, Luedtke, Patterson, Reilly, Rosenberg, Shoemaker, Tarlau, Turner, and A. Washington**

Introduced and read first time: January 22, 2018

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Retirement Income of Correctional**
3 **Officers**

4 FOR the purpose of altering a certain subtraction modification under the Maryland income
5 tax to include certain retirement income attributable to a resident’s employment as
6 a correctional officer under certain circumstances; providing for the application of
7 this Act; and generally relating to a subtraction modification under the Maryland
8 income tax for certain retirement income attributable to a resident’s employment as
9 a correctional officer.

10 BY repealing and reenacting, with amendments,
11 Article – Tax – General
12 Section 10–209
13 Annotated Code of Maryland
14 (2016 Replacement Volume and 2017 Supplement)

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

17 **Article – Tax – General**

18 10–209.

19 (a) (1) In this section the following words have the meanings indicated.

20 (2) “Emergency services personnel” means emergency medical technicians
21 or paramedics.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (3) (i) “Employee retirement system” means a plan:

- 2 1. established and maintained by an employer for the benefit
3 of its employees; and
4 2. qualified under § 401(a), § 403, or § 457(b) of the Internal
5 Revenue Code.

6 (ii) “Employee retirement system” does not include:

- 7 1. an individual retirement account or annuity under § 408
8 of the Internal Revenue Code;
9 2. a Roth individual retirement account under § 408A of the
10 Internal Revenue Code;
11 3. a rollover individual retirement account;
12 4. a simplified employee pension under Internal Revenue
13 Code § 408(k); or
14 5. an ineligible deferred compensation plan under § 457(f) of
15 the Internal Revenue Code.

16 (b) Subject to subsections (d) and (e) of this section, to determine Maryland
17 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years
18 old or is totally disabled or the resident’s spouse is totally disabled, or the resident is at
19 least 55 years old and is a retired law enforcement **OR CORRECTIONAL** officer or fire,
20 rescue, or emergency services personnel of the United States, the State, or a political
21 subdivision of the State, an amount is subtracted from federal adjusted gross income equal
22 to the lesser of:

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

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

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

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

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

32 (d) Military retirement income that is included in the subtraction under §

1 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction
2 under this section.

3 (e) In the case of a retired law enforcement **OR CORRECTIONAL** officer or fire,
4 rescue, or emergency services personnel of the United States, the State, or a political
5 subdivision of the State, the amount included under subsection (b)(1) of this section is
6 limited to the first \$15,000 of retirement income that is attributable to the resident's
7 employment as a law enforcement **OR CORRECTIONAL** officer or fire, rescue, or emergency
8 services personnel of the United States, the State, or a political subdivision of the State
9 unless:

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

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

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
13 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.