

SENATE BILL 171

Q3

9lr0177
CF 9lr0178

By: **The President (By Request – Administration) and Senators Bailey, Carozza, Cassilly, Eckardt, Edwards, Gallion, Hershey, Hough, Jennings, Peters, Ready, Salling, Serafini, Simonaire, and West**

Introduced and read first time: January 21, 2019

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification – Qualified Retired Public Safety**
3 **Employee**
4 **(Hometown Heroes Act of 2019)**

5 FOR the purpose of altering the subtraction modification under the Maryland income tax
6 under certain circumstances for a certain amount of retirement income attributable
7 to a resident’s employment as a correctional officer, a law enforcement officer, or a
8 fire, rescue, or emergency services worker; defining a certain term; and generally
9 relating to a subtraction modification under the Maryland income tax on retirement
10 income.

11 BY repealing and reenacting, with amendments,
12 Article – Tax – General
13 Section 10–209
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2018 Supplement)

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

18 **Article – Tax – General**

19 10–209.

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

21 (2) “Correctional officer” means an individual who:

22 (i) was employed in:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 1. a State correctional facility, as defined in § 1–101 of the
2 Correctional Services Article;
 - 3 2. a local correctional facility, as defined in § 1–101 of the
4 Correctional Services Article;
 - 5 3. a juvenile facility included in § 9–226 of the Human
6 Services Article; or
 - 7 4. a facility of the United States that is equivalent to a State
8 or local correctional facility or a juvenile facility included in § 9–226 of the Human Services
9 Article; and
- 10 (ii) is eligible to receive retirement income attributable to the
11 individual’s employment under item (i) of this paragraph.
- 12 (3) “Emergency services personnel” means emergency medical technicians
13 or paramedics.
- 14 (4) (i) “Employee retirement system” means a plan:
- 15 1. established and maintained by an employer for the benefit
16 of its employees; and
 - 17 2. qualified under § 401(a), § 403, or § 457(b) of the Internal
18 Revenue Code.
- 19 (ii) “Employee retirement system” does not include:
- 20 1. an individual retirement account or annuity under § 408
21 of the Internal Revenue Code;
 - 22 2. a Roth individual retirement account under § 408A of the
23 Internal Revenue Code;
 - 24 3. a rollover individual retirement account;
 - 25 4. a simplified employee pension under Internal Revenue
26 Code § 408(k); or
 - 27 5. an ineligible deferred compensation plan under § 457(f) of
28 the Internal Revenue Code.

29 **(5) “QUALIFIED RETIRED PUBLIC SAFETY EMPLOYEE” MEANS AN**
30 **INDIVIDUAL WHO:**

1 (I) 1. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER
2 31, 2018, BUT BEFORE JANUARY 1, 2020, IS AT LEAST 55 YEARS OLD; OR

3 2. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER
4 31, 2019, IS AT LEAST 50 YEARS OLD; AND

5 (II) IS A RETIRED CORRECTIONAL OFFICER, A RETIRED LAW
6 ENFORCEMENT OFFICER, OR A RETIRED FIRE, RESCUE, OR EMERGENCY SERVICES
7 WORKER OF THE UNITED STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE
8 STATE.

9 (b) Subject to subsections (d) and (e) of this section, to determine Maryland
10 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years
11 old or is totally disabled or the resident's spouse is totally disabled, or the resident is [at
12 least 55 years old and is a retired correctional officer, law enforcement officer, or fire,
13 rescue, or emergency services personnel of the United States, the State, or a political
14 subdivision of the State] **A QUALIFIED RETIRED PUBLIC SAFETY EMPLOYEE**, an amount
15 is subtracted from federal adjusted gross income equal to the lesser of:

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

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

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

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

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

25 (d) Military retirement income that is included in the subtraction under §
26 10-207(q) of this subtitle may not be taken into account for purposes of the subtraction
27 under this section.

28 (e) (1) **[In] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION**, IN the case
29 of a [retired correctional officer, law enforcement officer, or fire, rescue, or emergency
30 services personnel of the United States, the State, or a political subdivision of the State]
31 **QUALIFIED RETIRED PUBLIC SAFETY EMPLOYEE**, the amount included under
32 subsection (b)(1) of this section is limited to [the first \$15,000 of] retirement income that is
33 attributable to the resident's employment as a correctional officer, a law enforcement
34 officer, or A fire, rescue, or emergency services [personnel] **WORKER** of the United States,
35 the State, or a political subdivision of the State unless:

1 [(1)] (I) the resident is at least 65 years old or is totally disabled; or

2 [(2)] (II) the resident's spouse is totally disabled.

3 **(2) THE AMOUNT INCLUDED UNDER SUBSECTION (B)(1) OF THIS**
4 **SECTION IS LIMITED TO AN AMOUNT NOT EXCEEDING:**

5 **(I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
6 **2018, BUT BEFORE JANUARY 1, 2020, THE FIRST \$15,000 OF INCOME THAT IS**
7 **ELIGIBLE UNDER PARAGRAPH (1) OF THIS SUBSECTION;**

8 **(II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
9 **2019, BUT BEFORE JANUARY 1, 2021, 50% OF THE AMOUNT OF INCOME THAT IS**
10 **ELIGIBLE UNDER PARAGRAPH (1) OF THIS SUBSECTION; AND**

11 **(III) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
12 **2020, 100% OF THE AMOUNT OF INCOME THAT IS ELIGIBLE UNDER PARAGRAPH (1)**
13 **OF THIS SUBSECTION.**

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2019.