

# SENATE BILL 413

Q3

9lr1199  
CF 9lr1909

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By: **Senators Peters, Eckardt, Edwards, Elfreth, Griffith, Guzzone, King, McCray,  
Rosapepe, Salling, Serafini, and Zucker**

Introduced and read first time: February 1, 2019

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of increasing the amount of a subtraction modification under the  
4 Maryland income tax for certain military retirement income for individuals who are  
5 at least a certain age; increasing the amount of a subtraction modification under the  
6 Maryland income tax for certain retirement income attributable to a resident's  
7 employment as a correctional officer, a law enforcement officer, or a fire, rescue, or  
8 emergency services worker; allowing a subtraction modification under the Maryland  
9 income tax for certain surviving spouses of certain qualified retired public safety  
10 employees under certain circumstances; defining a certain term; providing for the  
11 application of this Act; and generally relating to subtraction modifications under the  
12 Maryland income tax for military retirement income and retirement income  
13 attributable to a resident's employment as a correctional officer, a law enforcement  
14 officer, or fire, rescue, or emergency services personnel.

15 BY repealing and reenacting, without amendments,  
16 Article – Tax – General  
17 Section 10–207(a)  
18 Annotated Code of Maryland  
19 (2016 Replacement Volume and 2018 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Article – Tax – General  
22 Section 10–207(q) and 10–209  
23 Annotated Code of Maryland  
24 (2016 Replacement Volume and 2018 Supplement)

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

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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 (q) (1) (i) In this subsection the following words have the meanings  
7 indicated.

8 (ii) “Military retirement income” means retirement income received  
9 as a result of military service.

10 (iii) “Military service” means:

11 1. induction into the armed forces of the United States for  
12 training and service under the Selective Training and Service Act of 1940 or a subsequent  
13 act of a similar nature;

14 2. membership in a reserve component of the armed forces of  
15 the United States;

16 3. membership in an active component of the armed forces of  
17 the United States;

18 4. membership in the Maryland National Guard; or

19 5. active duty with the commissioned corps of the Public  
20 Health Service, the National Oceanic and Atmospheric Administration, or the Coast and  
21 Geodetic Survey.

22 (2) The subtraction under subsection (a) of this section includes:

23 (i) if, on the last day of the taxable year, the individual is under the  
24 age of 55 years, the first \$5,000 of military retirement income received by an individual  
25 during the taxable year; and

26 (ii) if, on the last day of the taxable year, the individual is at least 55  
27 years old, the first **[\$15,000] \$20,000** of military retirement income received by an  
28 individual during the taxable year.

29 10–209.

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

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

1 (i) was employed in:

- 2 1. a State correctional facility, as defined in § 1–101 of the  
3 Correctional Services Article;
- 4 2. a local correctional facility, as defined in § 1–101 of the  
5 Correctional Services Article;
- 6 3. a juvenile facility included in § 9–226 of the Human  
7 Services Article; or
- 8 4. a facility of the United States that is equivalent to a State  
9 or local correctional facility or a juvenile facility included in § 9–226 of the Human Services  
10 Article; and

11 (ii) is eligible to receive retirement income attributable to the  
12 individual’s employment under item (i) of this paragraph.

13 (3) “Emergency services personnel” means emergency medical technicians  
14 or paramedics.

15 (4) (i) “Employee retirement system” means a plan:

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

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

- 21 1. an individual retirement account or annuity under § 408  
22 of the Internal Revenue Code;
- 23 2. a Roth individual retirement account under § 408A of the  
24 Internal Revenue Code;
- 25 3. a rollover individual retirement account;
- 26 4. a simplified employee pension under Internal Revenue  
27 Code § 408(k); or
- 28 5. an ineligible deferred compensation plan under § 457(f) of  
29 the Internal Revenue Code.

30 (5) “QUALIFIED RETIRED PUBLIC SAFETY EMPLOYEE” MEANS AN

1 **INDIVIDUAL WHO IS:**2 **(I) AT LEAST 55 YEARS OLD; AND**3 **(II) A RETIRED CORRECTIONAL OFFICER, LAW ENFORCEMENT**  
4 **OFFICER, OR FIRE, RESCUE, OR EMERGENCY SERVICES WORKER OF THE UNITED**  
5 **STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE.**6 (b) Subject to subsections (d) and (e) of this section, to determine Maryland  
7 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years  
8 old or is totally disabled or the resident's spouse is totally disabled, or the resident is [at  
9 least 55 years old and is a retired correctional officer, law enforcement officer, or fire,  
10 rescue, or emergency services personnel of the United States, the State, or a political  
11 subdivision of the State] **A QUALIFIED RETIRED PUBLIC SAFETY EMPLOYEE OR THE**  
12 **SURVIVING SPOUSE OF A QUALIFIED RETIRED PUBLIC SAFETY EMPLOYEE**, an amount  
13 is subtracted from federal adjusted gross income equal to the lesser of:14 (1) the cumulative or total annuity, pension, or endowment income from an  
15 employee retirement system included in federal adjusted gross income; or16 (2) the maximum annual benefit under the Social Security Act computed  
17 under subsection (c) of this section, less any payment received as old age, survivors, or  
18 disability benefits under the Social Security Act, the Railroad Retirement Act, or both.

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

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

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

23 (d) Military retirement income that is included in the subtraction under §  
24 10-207(q) of this subtitle may not be taken into account for purposes of the subtraction  
25 under this section.26 (e) In the case of a [retired correctional officer, law enforcement officer, or fire,  
27 rescue, or emergency services personnel of the United States, the State, or a political  
28 subdivision of the State] **QUALIFIED RETIRED PUBLIC SAFETY EMPLOYEE**, the amount  
29 included under subsection (b)(1) of this section is limited to the first ~~[\$15,000]~~ **\$20,000** of  
30 retirement income that is attributable to the resident's employment as a correctional  
31 officer, a law enforcement officer, or fire, rescue, or emergency services personnel of the  
32 United States, the State, or a political subdivision of the State unless:

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

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

1           **(F) IN THE CASE OF THE SURVIVING SPOUSE OF A QUALIFIED RETIRED**  
2 **PUBLIC SAFETY EMPLOYEE, THE AMOUNT INCLUDED UNDER SUBSECTION(B)(1) OF**  
3 **THIS SECTION IS LIMITED TO THE FIRST \$20,000 OF RETIREMENT INCOME THAT IS**  
4 **ATTRIBUTABLE TO THE DECEASED SPOUSE'S EMPLOYMENT AS A QUALIFIED**  
5 **RETIRED PUBLIC SAFETY EMPLOYEE UNLESS:**

6                   **(1) THE SURVIVING SPOUSE IS AT LEAST 65 YEARS OLD OR IS TOTALLY**  
7 **DISABLED; OR**

8                   **(2) IF THE SURVIVING SPOUSE HAS REMARRIED, THE SPOUSE OF THE**  
9 **SURVIVING SPOUSE IS TOTALLY DISABLED.**

10           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
11 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018.