

SENATE BILL 875

Q3

9lr0187
CF HB 718

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

Introduced and read first time: February 8, 2019

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering for certain taxable years a certain limitation on a subtraction
4 modification under the Maryland income tax for certain military retirement income;
5 and generally relating to a subtraction modification under the Maryland income tax
6 for military retirement income.

7 BY repealing and reenacting, without amendments,

8 Article – Tax – General

9 Section 10–207(a)

10 Annotated Code of Maryland

11 (2016 Replacement Volume and 2018 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article – Tax – General

14 Section 10–207(q)

15 Annotated Code of Maryland

16 (2016 Replacement Volume and 2018 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Tax – General**

20 10–207.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 (ii) "Military retirement income" means retirement income received
4 as a result of military service.

5 (iii) "Military service" means:

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

9 2. membership in a reserve component of the armed forces of
10 the United States;

11 3. membership in an active component of the armed forces of
12 the United States;

13 4. membership in the Maryland National Guard; or

14 5. active duty with the commissioned corps of the Public
15 Health Service, the National Oceanic and Atmospheric Administration, or the Coast and
16 Geodetic Survey.

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

18 (I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
19 2018, BUT BEFORE JANUARY 1, 2020:

20 [(i)] 1. if, on the last day of the taxable year, the individual is
21 under the age of 55 years, the first \$5,000 of military retirement income received by an
22 individual during [the] THAT taxable year; and

23 [(ii)] 2. if, on the last day of the taxable year, the individual is at
24 least 55 years old, the first \$15,000 of military retirement income received by an individual
25 during [the] THAT taxable year;

26 (II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
27 2019, BUT BEFORE JANUARY 1, 2021, 50% OF THE MILITARY RETIREMENT INCOME
28 RECEIVED BY AN INDIVIDUAL DURING THAT TAXABLE YEAR; AND

29 (III) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
30 2020, ALL OF THE MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL
31 DURING THAT YEAR.

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