

# HOUSE BILL 1631

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CF SB 1030

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By: **Delegates Rose, Boteler, Buckel, Hornberger, Krebs, and Shoemaker**

Introduced and read first time: February 21, 2020

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of authorizing a subtraction modification under the Maryland income tax  
4 for certain retirement income attributable to certain out-of-state employment as a  
5 correctional officer, law enforcement officer, or fire, rescue, or emergency services  
6 personnel; providing for the application of this Act; and generally relating to a  
7 subtraction modification for certain retirement income.

8 BY repealing and reenacting, with amendments,

9 Article – Tax – General

10 Section 10–209

11 Annotated Code of Maryland

12 (2016 Replacement Volume and 2019 Supplement)

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

14 That the Laws of Maryland read as follows:

15 **Article – Tax – General**

16 10–209.

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

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

19 (i) was employed in:

20 1. a State correctional facility, as defined in § 1–101 of the  
21 Correctional Services Article;

22 2. a local correctional facility, as defined in § 1–101 of the

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Correctional Services Article;

2 3. a juvenile facility included in § 9–226 of the Human  
3 Services Article; or

4 4. a facility of the United States **OR ANOTHER STATE** that  
5 is equivalent to a State or local correctional facility or a juvenile facility included in §  
6 9–226 of the Human Services Article; and

7 (ii) is eligible to receive retirement income attributable to the  
8 individual's employment under item (i) of this paragraph.

9 (3) "Emergency services personnel" means emergency medical technicians  
10 or paramedics.

11 (4) (i) "Employee retirement system" means a plan:

12 1. established and maintained by an employer for the benefit  
13 of its employees; and

14 2. qualified under § 401(a), § 403, or § 457(b) of the Internal  
15 Revenue Code.

16 (ii) "Employee retirement system" does not include:

17 1. an individual retirement account or annuity under § 408  
18 of the Internal Revenue Code;

19 2. a Roth individual retirement account under § 408A of the  
20 Internal Revenue Code;

21 3. a rollover individual retirement account;

22 4. a simplified employee pension under Internal Revenue  
23 Code § 408(k); or

24 5. an ineligible deferred compensation plan under § 457(f) of  
25 the Internal Revenue Code.

26 (b) Subject to subsections (d) and (e) of this section, to determine Maryland  
27 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years  
28 old or is totally disabled or the resident's spouse is totally disabled, or the resident is at  
29 least 55 years old and is a retired correctional officer, law enforcement officer, or fire,  
30 rescue, or emergency services personnel of the United States, [the State] **A STATE**, or a  
31 political subdivision of [the State] **A STATE**, an amount is subtracted from federal adjusted  
32 gross income equal to the lesser of:

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

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

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

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

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

10          (d)     Military retirement income that is included in the subtraction under §  
11 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction  
12 under this section.

13          (e)     In the case of a retired correctional officer, law enforcement officer, or fire,  
14 rescue, or emergency services personnel of the United States, [the State] A STATE, or a  
15 political subdivision of [the State] A STATE, the amount included under subsection (b)(1)  
16 of this section is limited to the first \$15,000 of retirement income that is attributable to the  
17 resident's employment as a correctional officer, a law enforcement officer, or fire, rescue, or  
18 emergency services personnel of the United States, [the State] A STATE, or a political  
19 subdivision of [the State] A STATE unless:

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

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

22           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
23 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.