

SENATE BILL 211

Q3
SB 294/19 – B&T

0lr1754

By: **Senators Salling, Bailey, Carozza, Cassilly, Eckardt, Edwards, Ellis, Gallion, Hershey, Hough, Jennings, King, Klausmeier, Peters, Ready, Reilly, Serafini, Simonaire, Smith, West, and Young**

Introduced and read first time: January 16, 2020

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering the maximum amount allowed under a subtraction modification
4 under the Maryland income tax for certain military retirement income for certain
5 taxable years; removing a certain limitation on the subtraction modification for taxable
6 years beginning after a certain date; and generally relating to a subtraction
7 modification for military retirement income.

8 BY repealing and reenacting, without amendments,

9 Article – Tax – General

10 Section 10–207(a)

11 Annotated Code of Maryland

12 (2016 Replacement Volume and 2019 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Tax – General

15 Section 10–207(q)

16 Annotated Code of Maryland

17 (2016 Replacement Volume and 2019 Supplement)

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

19 That the Laws of Maryland read as follows:

20 **Article – Tax – General**

21 10–207.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Maryland adjusted gross income.

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

4 (ii) "Military retirement income" means retirement income,
5 including death benefits, received as a result of military service.

6 (iii) "Military service" means:

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

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

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

14 4. membership in the Maryland National Guard; or

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

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

19 (i) **FOR A TAXABLE YEAR BEGINNING BEFORE JANUARY 1,**
20 **2021:**

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

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

27 (ii) **FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
28 **2020, BUT BEFORE JANUARY 1, 2022, THE GREATER OF:**

29 1. **THE FIRST \$15,000 OF MILITARY RETIREMENT**
30 **INCOME RECEIVED BY AN INDIVIDUAL DURING THE TAXABLE YEAR; OR**

31 2. **50% OF MILITARY RETIREMENT INCOME RECEIVED**

1 BY AN INDIVIDUAL DURING THE TAXABLE YEAR;

2 (III) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
3 2021, BUT BEFORE JANUARY 1, 2023, THE GREATER OF:

4 1. THE FIRST \$15,000 OF MILITARY RETIREMENT
5 INCOME RECEIVED BY AN INDIVIDUAL DURING THE TAXABLE YEAR; OR

6 2. 75% OF MILITARY RETIREMENT INCOME RECEIVED
7 BY AN INDIVIDUAL DURING THE TAXABLE YEAR; AND

8 (IV) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
9 2022, ALL MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING
10 THE TAXABLE YEAR.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
12 1, 2020.