

SENATE BILL 573

Q3
SB 269/20 – B&T

11r0119
CF HB 735

By: **The President (By Request – Administration)**

Introduced and read first time: January 26, 2021

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification – Correctional Officers, Law Enforcement**
3 **Officers, and Fire, Rescue, and Emergency Services Personnel**
4 **(Hometown Heroes Act)**

5 FOR the purpose of altering the age at which a resident is eligible for a subtraction
6 modification under the Maryland income tax for certain retirement income
7 attributable to certain employment; increasing the amount of certain retirement
8 income that is eligible for a certain subtraction modification under the Maryland
9 income tax; providing for the application of this Act; and generally relating to a
10 subtraction modification for certain retirement 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 2020 Supplement)

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

Article – Tax – General

18
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:

23 1. a State correctional facility, as defined in § 1–101 of the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Correctional Services Article;

2 2. a local correctional facility, as defined in § 1–101 of the
3 Correctional Services Article;

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

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

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

11 (3) "Emergency services personnel" means emergency medical technicians
12 or paramedics.

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

14 1. established and maintained by an employer for the benefit
15 of its employees; and

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

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

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

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

23 3. a rollover individual retirement account;

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

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

28 (b) Subject to subsections (d) and (e) of this section, to determine Maryland
29 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years
30 old or is totally disabled or the resident's spouse is totally disabled, or the resident is at
31 least **[55] 50** years old and is a retired correctional officer, law enforcement officer, or fire,
32 rescue, or emergency services personnel of the United States, the State, or a political

1 subdivision of the State, an amount is subtracted from federal adjusted gross income equal
2 to the lesser of:

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

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

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

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

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

12 (d) Military retirement income that is included in the subtraction under §
13 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction
14 under this section.

15 (e) **(1) [In] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN** the case
16 of a retired correctional officer, law enforcement officer, or fire, rescue, or emergency
17 services personnel of the United States, the State, or a political subdivision of the State,
18 the amount included under subsection (b)(1) of this section is limited to [the first \$15,000
19 of] retirement income that is attributable to the resident's employment as a correctional
20 officer, a law enforcement officer, or fire, rescue, or emergency services personnel of the
21 United States, the State, or a political subdivision of the State unless:

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

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

24 **(2) THE AMOUNT INCLUDED UNDER SUBSECTION (B)(1) OF THIS**
25 **SECTION MAY NOT EXCEED:**

26 **(I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
27 **2020, BUT BEFORE JANUARY 1, 2022, THE GREATER OF 50% OR THE FIRST \$15,000**
28 **OF THE AMOUNT OF INCOME THAT IS ELIGIBLE UNDER PARAGRAPH (1) OF THIS**
29 **SUBSECTION; AND**

30 **(II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
31 **2021, 100% OF THE AMOUNT OF INCOME THAT IS ELIGIBLE UNDER PARAGRAPH (1)**
32 **OF THIS SUBSECTION.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2020.