

SENATE BILL 870

Q3

EMERGENCY BILL

1lr2720
CF HB 1177

By: **Senator Corderman**

Introduced and read first time: February 9, 2021

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – COVID–19–Related Distribution of**
3 **Retirement Income**

4 FOR the purpose of allowing a subtraction modification under the Maryland income tax in
5 certain taxable years for income that is the result of certain distributions of
6 retirement income during certain taxable years; prohibiting the subtraction from
7 exceeding a certain amount; defining a certain term; making this Act an emergency
8 measure; providing for the termination of this Act; and generally relating to a
9 Maryland income tax subtraction modification for distributions of retirement
10 income.

11 BY repealing and reenacting, without amendments,
12 Article – Tax – General
13 Section 10–207(a)
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2020 Supplement)

16 BY adding to
17 Article – Tax – General
18 Section 10–207(jj)
19 Annotated Code of Maryland
20 (2016 Replacement Volume and 2020 Supplement)

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

23 **Article – Tax – General**

24 10–207.

25 (a) To the extent included in federal adjusted gross income, the amounts under

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 this section are subtracted from the federal adjusted gross income of a resident to determine
2 Maryland adjusted gross income.

3 **(JJ) (1) IN THIS SUBSECTION, “COVID–19–RELATED DISTRIBUTION OF**
4 **RETIREMENT INCOME” MEANS ANY DISTRIBUTION FROM A RETIREMENT ACCOUNT**
5 **TO AN INDIVIDUAL:**

6 **(I) 1. DURING A TAXABLE YEAR BEGINNING AFTER**
7 **DECEMBER 31, 2019, BUT BEFORE JANUARY 1, 2021, WHO IS EXEMPT FROM THE TAX**
8 **ON EARLY DISTRIBUTIONS UNDER § 2202 OF THE FEDERAL CORONAVIRUS AID,**
9 **RELIEF, AND ECONOMIC SECURITY ACT OF 2020; OR**

10 **2. ON DECEMBER 31, 2020, OR DURING A TAXABLE YEAR**
11 **BEGINNING AFTER DECEMBER 31, 2020, BUT BEFORE JANUARY 1, 2022, WHO WAS**
12 **SUBJECT TO AN EARLY WITHDRAWAL PENALTY UNDER THE INTERNAL REVENUE**
13 **CODE; AND**

14 **(II) 1. IF THE INDIVIDUAL, THE INDIVIDUAL’S SPOUSE, OR**
15 **THE INDIVIDUAL’S DEPENDENT WAS DIAGNOSED WITH COVID–19 BY A TEST**
16 **APPROVED BY THE CENTERS FOR DISEASE CONTROL AND PREVENTION; OR**

17 **2. IF, DUE TO THE COVID–19 PANDEMIC, THE**
18 **INDIVIDUAL EXPERIENCED ADVERSE FINANCIAL CONSEQUENCES AS A RESULT OF:**

19 **A. BEING QUARANTINED, FURLOUGHED, LAID OFF, OR**
20 **HAVING WORK HOURS REDUCED;**

21 **B. BEING UNABLE TO WORK BECAUSE OF A LACK OF**
22 **CHILD CARE; OR**

23 **C. CLOSING OR REDUCING THE HOURS OF A BUSINESS**
24 **THAT THE INDIVIDUAL OWNED OR OPERATED.**

25 **(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, FOR A**
26 **TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019, BUT BEFORE JANUARY 1,**
27 **2023, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES**
28 **INCOME THAT IS THE RESULT OF A COVID–19–RELATED DISTRIBUTION OF**
29 **RETIREMENT INCOME.**

30 **(3) THE SUBTRACTION UNDER PARAGRAPH (2) OF THIS SUBSECTION**
31 **MAY NOT EXCEED \$100,000 IN ANY TAXABLE YEAR.**

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
33 measure, is necessary for the immediate preservation of the public health or safety, has

1 been passed by a ye and nay vote supported by three–fifths of all the members elected to
2 each of the two Houses of the General Assembly, and shall take effect from the date it is
3 enacted. It shall remain effective through June 30, 2023, and, at the end of June 30, 2023,
4 this Act, with no further action required by the General Assembly, shall be abrogated and
5 of no further force and effect.