

SB0405/133920/1

BY: Ways and Means Committee

AMENDMENTS TO SENATE BILL 405
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “**Retirement**” and substitute “**Income Tax – Retirement Income Subtraction Modifications and Senior Credit (Retirement)**”; in the same line, strike “**2022**” and substitute “**2022**”; in line 3, after “of” insert “allowing a subtraction modification under the Maryland income tax for individuals who are at least a certain age for certain retirement income attributable to the individual’s employment as a public safety employee; providing that retirement income of public safety employees that is included in the subtraction allowed under this Act may not be taken into account for purposes of a certain subtraction modification under the Maryland income tax for certain retirement income;”; in line 9, after “to” insert “subtraction modifications under the Maryland income tax for retirement income and”; and after line 10, insert:

“BY repealing and reenacting, without amendments,

Article – Tax – General

Section 10–207(a)

Annotated Code of Maryland

(2016 Replacement Volume and 2021 Supplement)”.

On page 2, in line 8, after “Section” insert “10–207(mm) and”; and after line 10, insert:

“BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–209

Annotated Code of Maryland

(2016 Replacement Volume and 2021 Supplement)”.

AMENDMENT NO. 2

On page 2, after line 13, insert:

“10-207.

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

(MM) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(II) “CORRECTIONAL OFFICER” MEANS AN INDIVIDUAL WHO:

1. WAS EMPLOYED IN:

A. A STATE CORRECTIONAL FACILITY, AS DEFINED IN § 1-101 OF THE CORRECTIONAL SERVICES ARTICLE;

B. A LOCAL CORRECTIONAL FACILITY, AS DEFINED IN § 1-101 OF THE CORRECTIONAL SERVICES ARTICLE;

C. A JUVENILE FACILITY INCLUDED IN § 9-226 OF THE HUMAN SERVICES ARTICLE; OR

D. A FACILITY OF THE UNITED STATES THAT IS EQUIVALENT TO A STATE OR LOCAL CORRECTIONAL FACILITY OR A JUVENILE FACILITY INCLUDED IN § 9-226 OF THE HUMAN SERVICES ARTICLE; AND

2. IS ELIGIBLE TO RECEIVE RETIREMENT INCOME ATTRIBUTABLE TO THE INDIVIDUAL’S EMPLOYMENT UNDER ITEM 1 OF THIS SUBPARAGRAPH.

(III) “EMERGENCY SERVICES PERSONNEL” MEANS EMERGENCY MEDICAL TECHNICIANS OR PARAMEDICS.

(IV) “EMPLOYEE RETIREMENT SYSTEM” HAS THE MEANING STATED UNDER § 10-209(A) OF THIS SUBTITLE.

(V) “PUBLIC SAFETY EMPLOYEE” MEANS AN INDIVIDUAL WHO IS A RETIRED CORRECTIONAL OFFICER, LAW ENFORCEMENT OFFICER, OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE.

(2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE FIRST \$15,000 OF INCOME FROM AN EMPLOYEE RETIREMENT SYSTEM THAT IS ATTRIBUTABLE TO SERVICE AS A PUBLIC SAFETY EMPLOYEE, IF THE INCOME IS RECEIVED BY AN INDIVIDUAL WHO IS AT LEAST 55 YEARS OLD ON THE LAST DAY OF THE TAXABLE YEAR.

10-209.

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

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

(i) was employed in:

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

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

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

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

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

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

(4) (i) "Employee]:"

(1) "EMPLOYEE retirement system" means a plan:

[1.] (I) established and maintained by an employer for the benefit of its employees; and

[2.] (II) qualified under § 401(a), § 403, or § 457(b) of the Internal Revenue Code[.]; AND

[(ii)] (2) ["Employee] "EMPLOYEE retirement system" does not include:

[1.] (I) an individual retirement account or annuity under § 408 of the Internal Revenue Code;

[2.] (II) a Roth individual retirement account under § 408A of the Internal Revenue Code;

[3.] (III) a rollover individual retirement account;

[4.] (IV) a simplified employee pension under Internal Revenue Code § 408(k); or

[5.] (V) an ineligible deferred compensation plan under § 457(f) of the Internal Revenue Code.

(b) Subject to [subsections] SUBSECTION (d) [and (e)] of this section, to determine Maryland adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years old or is totally disabled or the resident's spouse is totally disabled, [or the resident is at least 55 years old and is a retired correctional officer, law

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enforcement officer, or fire, rescue, or emergency services personnel of the United States, the State, or a political subdivision of the State.] an amount is subtracted from federal adjusted gross income equal to the lesser of:

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

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

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

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

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

(d) (1) Military retirement income that is included in the subtraction under § 10-207(q) of this subtitle may not be taken into account for purposes of the subtraction under this section.

(2) PUBLIC SAFETY EMPLOYEE RETIREMENT INCOME THAT IS INCLUDED IN THE SUBTRACTION UNDER § 10-207(MM) OF THIS SUBTITLE MAY NOT BE TAKEN INTO ACCOUNT FOR PURPOSES OF THE SUBTRACTION UNDER THIS SECTION.

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

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

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

On page 4, in lines 5 and 7, in each instance, after "ESTIMATE" insert "FOR THE CURRENT FISCAL YEAR".