

HOUSE BILL 1198

Q3
HB 158/09 – W&M

2lr2854

By: **Delegates Saab, Boteler, Buckel, Chisholm, Hornberger, Kittleman, Krebs,
Morgan, Reilly, Rose, and Szeliga**

Introduced and read first time: February 11, 2022

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Retirement Income**
3 **(Fairness in Taxation for Retirees Act)**

4 FOR the purpose of including income from certain retirement plans within a certain
5 subtraction modification allowed under the Maryland income tax for certain
6 retirement income; and generally relating to a subtraction modification under the
7 Maryland income tax for 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 2021 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;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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
4 an employee retirement system] **THE TOTAL INCOME FROM A QUALIFIED RETIREMENT**
5 **PLAN** included in federal adjusted gross income; or

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

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

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

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

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

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

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

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

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
26 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.