

# HOUSE BILL 1468

Q3

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By: ~~Delegate B. Barnes~~ Delegates B. Barnes, Attar, Atterbeary, D. Barnes, Boteler, C. Branch, Buckel, Charles, Ebersole, Feldmark, Griffith, Guyton, Hartman, Hornberger, Ivey, D. Jones, Lisanti, Long, Luedtke, Patterson, Rose, Washington, and Wilkins

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Assigned to: Rules and Executive Nominations

Re-referred to: Ways and Means, March 5, 2022

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Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 21, 2022

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Income Tax ~~Subtraction Modification – Public Safety~~ Retirement Income**  
3 **Subtraction Modifications and Senior Credit**

4 FOR the purpose of allowing a subtraction modification under the Maryland income tax for  
5 individuals who are at least a certain age for certain retirement income attributable  
6 to the individual's employment as a public safety employee; providing that  
7 retirement income of public safety employees that is included in the subtraction  
8 allowed under this Act may not be taken into account for purposes of a certain  
9 subtraction modification under the Maryland income tax for certain retirement  
10 income; providing a tax credit against the Maryland income tax for certain residents  
11 who are at least a certain age; and generally relating to subtraction modifications  
12 under the Maryland income tax for retirement income and an income tax credit for  
13 seniors.

14 BY repealing and reenacting, without amendments,  
15 Article – Tax – General  
16 Section 10–207(a)  
17 Annotated Code of Maryland  
18 (2016 Replacement Volume and 2021 Supplement)

19 BY adding to

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Tax – General  
 2 Section 10–207(mm) and 10–754  
 3 Annotated Code of Maryland  
 4 (2016 Replacement Volume and 2021 Supplement)

5 BY repealing and reenacting, with amendments,  
 6 Article – Tax – General  
 7 Section 10–209  
 8 Annotated Code of Maryland  
 9 (2016 Replacement Volume and 2021 Supplement)

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

12 **Article – Tax – General**

13 10–207.

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

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

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

20 **1. WAS EMPLOYED IN:**

21 **A. A STATE CORRECTIONAL FACILITY, AS DEFINED IN §**  
 22 **1–101 OF THE CORRECTIONAL SERVICES ARTICLE;**

23 **B. A LOCAL CORRECTIONAL FACILITY, AS DEFINED IN §**  
 24 **1–101 OF THE CORRECTIONAL SERVICES ARTICLE;**

25 **C. A JUVENILE FACILITY INCLUDED IN § 9–226 OF THE**  
 26 **HUMAN SERVICES ARTICLE; OR**

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

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

1 (III) "EMERGENCY SERVICES PERSONNEL" MEANS EMERGENCY  
2 MEDICAL TECHNICIANS OR PARAMEDICS.

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

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

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

14 10-209.

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

16 (2) "Correctional officer" means an individual who:

17 (i) was employed in:

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

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

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

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

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

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

31 (4) (i) "Employee]:"

1           **(1)**    “EMPLOYEE retirement system” means a plan:

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

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

6                           **[(ii)] (2)**     [“Employee] “EMPLOYEE retirement system” does not  
7 include:

8                           **[1.] (I)**       an individual retirement account or annuity under  
9 § 408 of the Internal Revenue Code;

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

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

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

15                          **[5.] (V)**       an ineligible deferred compensation plan under §  
16 457(f) of the Internal Revenue Code.

17           (b)   Subject to [subsections] **SUBSECTION** (d) [and (e)] of this section, to  
18 determine Maryland adjusted gross income, if, on the last day of the taxable year, a resident  
19 is at least 65 years old or is totally disabled or the resident’s spouse is totally disabled, [or  
20 the resident is at least 55 years old and is a retired correctional officer, law enforcement  
21 officer, or fire, rescue, or emergency services personnel of the United States, the State, or a  
22 political subdivision of the State,] an amount is subtracted from federal adjusted gross  
23 income equal to the lesser of:

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

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

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

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

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

1 (d) (1) Military retirement income that is included in the subtraction under §  
2 10-207(q) of this subtitle may not be taken into account for purposes of the subtraction  
3 under this section.

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

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

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

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

17 10-754.

18 (A) IN THIS SECTION, "ELIGIBLE TAXPAYER" MEANS A RESIDENT WHO, ON  
19 THE LAST DAY OF THE TAXABLE YEAR, IS AT LEAST 65 YEARS OLD.

20 (B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION AND  
21 SUBJECT TO SUBSECTION (D) OF THIS SECTION, AN ELIGIBLE TAXPAYER MAY CLAIM  
22 A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT EQUAL TO:

23 (1) \$1,000 FOR AN ELIGIBLE TAXPAYER, OTHER THAN AN INDIVIDUAL  
24 DESCRIBED UNDER ITEM (2) OF THIS SUBSECTION, WHOSE FEDERAL ADJUSTED  
25 GROSS INCOME DOES NOT EXCEED \$100,000; OR

26 (2) FOR SPOUSES FILING A JOINT RETURN OR FOR A SURVIVING  
27 SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE INTERNAL REVENUE  
28 CODE WHOSE FEDERAL ADJUSTED GROSS INCOME DOES NOT EXCEED \$150,000:

29 (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM, \$1,750; OR

30 (II) IF ONLY ONE OF THE INDIVIDUALS FILING THE JOINT  
31 RETURN IS AN ELIGIBLE TAXPAYER, \$1,000.

1           **(C) FOR A TAXABLE YEAR IN WHICH THE SEPTEMBER GENERAL FUND**  
 2 **ESTIMATE FOR THE CURRENT FISCAL YEAR IN THE SEPTEMBER BOARD OF**  
 3 **REVENUE ESTIMATES REPORT ISSUED DURING THE TAXABLE YEAR IS MORE THAN**  
 4 **7.5% BELOW THE MARCH GENERAL FUND ESTIMATE FOR THE CURRENT FISCAL**  
 5 **YEAR IN THE MARCH BOARD OF REVENUE ESTIMATES REPORT ISSUED IN THE**  
 6 **TAXABLE YEAR, THE AMOUNT OF THE CREDIT ALLOWED UNDER SUBSECTION (B) OF**  
 7 **THIS SECTION IS LIMITED TO:**

8           **(1) \$500 FOR AN ELIGIBLE TAXPAYER, OTHER THAN AN INDIVIDUAL**  
 9 **DESCRIBED UNDER ITEM (2) OF THIS SUBSECTION, WHOSE FEDERAL ADJUSTED**  
 10 **GROSS INCOME IS AT LEAST \$50,000 BUT DOES NOT EXCEED \$100,000; OR**

11           **(2) FOR SPOUSES FILING A JOINT RETURN OR FOR A SURVIVING**  
 12 **SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE INTERNAL REVENUE**  
 13 **CODE WHOSE FEDERAL ADJUSTED GROSS INCOME IS AT LEAST \$100,000 BUT DOES**  
 14 **NOT EXCEED \$150,000:**

15                   **(I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM, \$875; OR**

16                   **(II) IF ONLY ONE OF THE INDIVIDUALS FILING THE JOINT**  
 17 **RETURN IS AN ELIGIBLE TAXPAYER, \$500.**

18           **(D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR**  
 19 **EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE UNUSED AMOUNT**  
 20 **OF THE CREDIT MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.**

21           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
 22 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.