

# HOUSE BILL 1358

Q3

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By: **Delegates Krebs, Anderton, Arentz, Bagnall, Buckel, Chisholm, Cox, M. Fisher, Hornberger, Jacobs, Kittleman, Malone, Mangione, Mautz, McComas, Morgan, Otto, Reilly, and Saab**

Introduced and read first time: February 7, 2020

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Retirement Income**

3 FOR the purpose of including certain income reported on a certain Internal Revenue  
4 Service form within a certain subtraction modification allowed under the Maryland  
5 income tax for certain individuals who are at least a certain age or who are disabled  
6 or whose spouse is disabled; altering a certain definition; providing for the  
7 application of this Act; and generally relating to a subtraction modification under  
8 the Maryland income tax for retirement income.

9 BY repealing and reenacting, with amendments,  
10 Article – Tax – General  
11 Section 10–209  
12 Annotated Code of Maryland  
13 (2016 Replacement Volume and 2019 Supplement)

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

16 **Article – Tax – General**

17 10–209.

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

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

20 (i) was employed in:

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

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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 (4) **"QUALIFIED RETIREMENT INCOME" MEANS ANY INCOME**  
29 **REPORTED BY AN INDIVIDUAL ON AN INTERNAL REVENUE SERVICE FORM 1099-R,**  
30 **OR ITS SUCCESSOR.**

(b) Subject to subsections (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 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] **TOTAL AMOUNT OF QUALIFIED RETIREMENT INCOME** 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) 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.

(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

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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.