

# HOUSE BILL 1377

Q3

8lr1511

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By: **Delegates Morgan, Buckel, Carozza, Clark, Corderman, Fisher, Folden, Kipke, McComas, Metzgar, Reilly, Rey, Rose, Shoemaker, Szeliga, and West**  
Introduced and read first time: February 9, 2018  
Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of providing a subtraction modification under the Maryland income tax  
4 under certain circumstances for certain retirement income of an individual of a  
5 certain age or who is totally disabled or whose spouse is totally disabled; providing  
6 for the calculation of the subtraction modification; requiring the Comptroller, for  
7 purposes of the calculation, to determine a certain maximum benefit; authorizing the  
8 Comptroller to allow the subtraction, rounded to a certain amount; defining a certain  
9 term; providing for the application of this Act; and generally relating to a subtraction  
10 modification under the Maryland income tax for retirement 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 2017 Supplement)

16 BY adding to  
17 Article – Tax – General  
18 Section 10–207(gg)  
19 Annotated Code of Maryland  
20 (2016 Replacement Volume and 2017 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.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



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

4 (GG) (1) IN THIS SUBSECTION, “RETIREMENT PLAN” MEANS:

5 (I) A SALARY REDUCTION PLAN QUALIFIED UNDER § 401(K) OF  
6 THE INTERNAL REVENUE CODE;

7 (II) A TAX SHELTERED ANNUITY PLAN QUALIFIED UNDER §  
8 403(B) OF THE INTERNAL REVENUE CODE;

9 (III) AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY UNDER  
10 § 408 OF THE INTERNAL REVENUE CODE;

11 (IV) A ROTH INDIVIDUAL RETIREMENT ACCOUNT UNDER § 408A  
12 OF THE INTERNAL REVENUE CODE;

13 (V) A ROLLOVER INDIVIDUAL RETIREMENT ACCOUNT; OR

14 (VI) A SIMPLIFIED EMPLOYEE PENSION UNDER INTERNAL  
15 REVENUE CODE § 408(K).

16 (2) SUBJECT TO PARAGRAPHS (3) AND (4) OF THIS SUBSECTION, IF,  
17 ON THE LAST DAY OF THE TAXABLE YEAR, A RESIDENT IS AT LEAST 65 YEARS OLD OR  
18 IS TOTALLY DISABLED OR THE RESIDENT’S SPOUSE IS TOTALLY DISABLED, THE  
19 SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES AN AMOUNT  
20 EQUAL TO THE LESSER OF:

21 (I) THE CUMULATIVE OR TOTAL ANNUITY, PENSION, OR  
22 ENDOWMENT INCOME FROM A RETIREMENT PLAN INCLUDED IN FEDERAL ADJUSTED  
23 GROSS INCOME; OR

24 (II) THE MAXIMUM ANNUAL BENEFIT UNDER THE SOCIAL  
25 SECURITY ACT COMPUTED UNDER PARAGRAPH (4) OF THIS SUBSECTION, LESS ANY  
26 PAYMENT RECEIVED AS OLD AGE, SURVIVORS, OR DISABILITY BENEFITS UNDER THE  
27 SOCIAL SECURITY ACT OR THE RAILROAD RETIREMENT ACT.

28 (3) THE AMOUNT INCLUDED UNDER PARAGRAPH (2)(I) OF THIS  
29 SUBSECTION IS LIMITED TO THE FIRST \$15,000 OF RETIREMENT INCOME.

30 (4) FOR PURPOSES OF PARAGRAPH (2)(II) OF THIS SUBSECTION, THE  
31 COMPTROLLER:

1                   **(I) SHALL DETERMINE THE MAXIMUM ANNUAL BENEFIT UNDER**  
2 **THE SOCIAL SECURITY ACT ALLOWED FOR AN INDIVIDUAL WHO RETIRED AT AGE 65**  
3 **FOR THE PRIOR CALENDAR YEAR; AND**

4                   **(II) MAY ALLOW THE SUBTRACTION TO THE NEAREST \$100.**

5           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
6 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.