

HOUSE BILL 99

Q3
HB 1461/14 – W&M

5lr1361
CF 5lr1427

By: **Delegates Hixson, B. Barnes, Branch, Kaiser, Luedtke, Smith, Turner, Vaughn, and Walker**

Introduced and read first time: January 23, 2015

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification – Retirement Income of Law**
3 **Enforcement, Correctional Officer, Fire, Rescue, and Emergency Services**
4 **Personnel**
5 **(Hometown Heroes)**

6 FOR the purpose of providing a subtraction modification under the Maryland income tax
7 under certain circumstances for certain retirement income attributable to a
8 resident's employment as a law enforcement or correctional officer or the individual's
9 service as fire, rescue, or emergency services personnel; providing for the application
10 of this Act; and generally relating to a subtraction modification under the Maryland
11 income tax for certain retirement income attributable to a resident's employment as
12 a law enforcement or correctional officer or the individual's service as fire, rescue, or
13 emergency services personnel.

14 BY repealing and reenacting, with amendments,
15 Article – Tax – General
16 Section 10–209
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2014 Supplement)

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

21 **Article – Tax – General**

22 10–209.

23 (a) In this section:

24 (1) “employee retirement system” means a plan:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) established and maintained by an employer for the benefit of its
2 employees; and

3 (ii) qualified under § 401(a), § 403, or § 457(b) of the Internal
4 Revenue Code; and

5 (2) “employee retirement system” does not include:

6 (i) an individual retirement account or annuity under § 408 of the
7 Internal Revenue Code;

8 (ii) a Roth individual retirement account under § 408A of the
9 Internal Revenue Code;

10 (iii) a rollover individual retirement account;

11 (iv) a simplified employee pension under Internal Revenue Code §
12 408(k); or

13 (v) an ineligible deferred compensation plan under § 457(f) of the
14 Internal Revenue Code.

15 (b) Subject to [subsection (d)] **SUBSECTIONS (D) AND (E)** of this section, to
16 determine Maryland adjusted gross income, if, on the last day of the taxable year, a resident
17 is at least 65 years old or is totally disabled or the resident’s spouse is totally disabled, **OR**
18 **THE RESIDENT IS AT LEAST 50 YEARS OLD AND IS A RETIRED LAW ENFORCEMENT OR**
19 **CORRECTIONAL OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL**
20 **OF THE UNITED STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE,**
21 an amount is subtracted from federal adjusted gross income equal to the lesser of:

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

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

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

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

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

1 (d) 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 (E) IN THE CASE OF A RETIRED LAW ENFORCEMENT OR CORRECTIONAL
5 OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED
6 STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE, THE AMOUNT
7 INCLUDED UNDER SUBSECTION (B)(1) OF THIS SECTION IS LIMITED TO THE FIRST
8 \$10,000 OF RETIREMENT INCOME THAT IS ATTRIBUTABLE TO THE RESIDENT'S
9 EMPLOYMENT AS A LAW ENFORCEMENT OR CORRECTIONAL OFFICER OR FIRE,
10 RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE
11 STATE, OR A POLITICAL SUBDIVISION OF THE STATE UNLESS:

12 (1) THE RESIDENT IS AT LEAST 65 YEARS OLD OR IS TOTALLY
13 DISABLED; OR

14 (2) THE RESIDENT'S SPOUSE IS TOTALLY DISABLED.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
16 1, 2015, and shall be applicable to all taxable years beginning after December 31, 2014.