

SENATE BILL 299

Q3, K4

8lr0147
CF HB 354

By: **The President (By Request – Administration) and Senators Bates, Cassilly, Eckardt, Edwards, Hershey, Hough, Jennings, Klausmeier, Mathias, Ready, Reilly, Salling, Serafini, and Simonaire**

Introduced and read first time: January 22, 2018

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification – Correctional Officers**
3 **(Hometown Heroes Act of 2018)**

4 FOR the purpose of including certain individuals employed by the Department of Juvenile
5 Services in the membership of the Correctional Officers' Retirement System;
6 providing a subtraction modification under the Maryland income tax under certain
7 circumstances for a certain amount of retirement income attributable to an
8 individual's employment as a correctional officer; providing for the application of
9 certain provisions of this Act; requiring the State Retirement Agency, on or before a
10 certain date, to notify certain individuals affected by this Act of their rights to
11 transfer certain service credit to the Correctional Officers' Retirement System;
12 defining a certain term; and generally relating to a subtraction modification for
13 retired correctional officers.

14 BY repealing and reenacting, with amendments,
15 Article – State Personnel and Pensions
16 Section 25–201 and 25–401
17 Annotated Code of Maryland
18 (2015 Replacement Volume and 2017 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Tax – General
21 Section 10–209
22 Annotated Code of Maryland
23 (2016 Replacement Volume and 2017 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – State Personnel and Pensions

25–201.

(a) Except as provided in subsection (b) of this section, this subtitle applies only to:

(1) correctional officers serving in any of the first six job classifications;

(2) security attendants at Clifton T. Perkins Hospital Center;

(3) a detention center officer employed by a participating governmental unit that on or after July 1, 2006, has elected to participate in the Correctional Officers' Retirement System;

(4) an individual serving as a correctional dietary, maintenance, laundry, or supply officer;

(5) an individual serving as a Maryland Correctional Enterprises officer, officer trainee, plant supervisor, plant manager, or regional manager;

(6) a correctional officer serving as a security chief, a facility administrator, an assistant warden, or a warden who:

(i) begins employment in that position on or after July 1, 2014; or

(ii) is serving in that position on June 30, 2014, and elects to transfer to the Correctional Officers' Retirement System from:

1. the Employees' Pension System on or before December 31, 2014; or

2. the Employees' Retirement System on or before December 31, 2015;

(7) an individual serving as a correctional case management specialist, supervisor, or manager on or after July 1, 2016; [and]

(8) an individual serving as a parole and probation agent, supervisor, or regional administrator on or after July 1, 2017; [and]

(9) an individual serving as a Department of Public Safety and Correctional Services employee in one of the following positions on or after July 1, 2017:

(i) an alcohol and drug:

1. associate counselor, counselor lead, counselor provisional,

1 or counselor supervisor;

2 2. professional counselor, counselor provisional, or counselor
3 supervisor; or

4 3. supervised counselor or counselor provisional;

5 (ii) a mental health professional counselor, graduate professional
6 counselor, professional counselor advanced, or professional supervisor;

7 (iii) a psychologist, psychology associate, or psychology associate
8 doctorate;

9 (iv) a social worker, social worker advanced, social worker
10 supervisor, or social work regional supervisor; or

11 (v) a recreation officer or supervisor; AND

12 **(10) AN INDIVIDUAL SERVING AS A DEPARTMENT OF JUVENILE**
13 **SERVICES EMPLOYEE IN ONE OF THE FOLLOWING POSITIONS ON OR AFTER JULY 1,**
14 **2018:**

15 **(I) AN ADVISOR LEAD, ADVISOR SUPERVISOR, OR ADVISOR**
16 **TRAINEE;**

17 **(II) A COOK OR A FOOD SERVICE WORKER;**

18 **(III) A MAINTENANCE ASSISTANT, MAINTENANCE CHIEF,**
19 **MAINTENANCE MECHANIC, OR MAINTENANCE SUPERVISOR; OR**

20 **(IV) A RESIDENT ADVISOR OR RESIDENT ADVISOR TEAM LEAD.**

21 (b) This subtitle does not apply to:

22 (1) an employee of the Baltimore City Jail as of June 30, 1991, who:

23 (i) became an employee of the Baltimore City Detention Center on
24 July 1, 1991; and

25 (ii) did not elect to become a member of the Correctional Officers'
26 Retirement System on that date;

27 (2) a detention center officer employed by a participating governmental
28 unit as a local detention center officer on the effective date of participation on or after July
29 1, 2006, who did not elect to become a member of the Correctional Officers' Retirement
30 System within 6 months of the effective date of participation; or

1 (3) a correctional officer serving as a security chief, a facility administrator,
 2 an assistant warden, or a warden who is in that position on June 30, 2014, and does not
 3 elect to transfer membership to the Correctional Officers' Retirement System from:

4 (i) the Employees' Pension System on or before December 31, 2014;
 5 or

6 (ii) the Employees' Retirement System on or before December 31,
 7 2015.

8 25-401.

9 (a) A member may retire with a normal service retirement allowance if:

10 (1) on or before the date of retirement, the member:

11 (i) has at least 20 years of eligibility service;

12 (ii) 1. is a correctional case management specialist, supervisor,
 13 or manager on or before June 30, 2016;

14 2. is vested in the Correctional Officers' Retirement System;
 15 and

16 3. has a combined total of at least 20 years of eligibility
 17 service from:

18 A. the Correctional Officers' Retirement System and the
 19 Employees' Retirement System; or

20 B. the Correctional Officers' Retirement System and the
 21 Employees' Pension System;

22 (iii) 1. is serving in a position specified in:

23 A. § 25-201(a)(8) or (9) of this title on or before June 30, 2017;

24 OR

25 B. **§ 25-201(A)(10) OF THIS TITLE ON OR BEFORE JUNE**
 26 **30, 2018;**

27 2. is vested in the Correctional Officers' Retirement System;
 28 and

29 3. has a combined total of at least 20 years of eligibility

1 service from:

2 A. the Correctional Officers' Retirement System and the
3 Employees' Retirement System; or

4 B. the Correctional Officers' Retirement System and the
5 Employees' Pension System; or

6 (iv) is at least 55 years old and has:

7 1. at least 5 years of eligibility service credit, if the member
8 is a member on or before June 30, 2011; or

9 2. at least 10 years of eligibility service credit, if the member
10 becomes a member on or after July 1, 2011; and

11 (2) the member completes and submits a written application to the Board
12 of Trustees stating the date when the member desires to retire.

13 (b) On retirement under this section, a member is entitled to receive a normal
14 service retirement allowance that equals one fifty-fifth of the member's average final
15 compensation multiplied by the number of years of creditable service.

16 (c) (1) This subsection applies only to:

17 (i) a correctional case management specialist, supervisor, or
18 manager who has a combined total of 20 years of eligibility service as provided in subsection
19 (a)(1)(ii) of this section; or

20 (ii) a member serving in a position specified in § 25-201(a)(8), [or]
21 (9), **OR (10)** of this title who has a combined total of 20 years of eligibility service as
22 provided in subsection (a)(1)(iii) of this section.

23 (2) A member is entitled to receive a normal service retirement allowance
24 that equals an allowance based on the creditable service the member has in the
25 Correctional Officers' Retirement System.

26 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
27 as follows:

28 **Article – Tax – General**

29 10-209.

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

31 (2) **“CORRECTIONAL OFFICER” INCLUDES:**

1 **(I) A RETIREE OF THE CORRECTIONAL OFFICERS'**
2 **RETIREMENT SYSTEM, AS DEFINED IN § 25-201 OF THE STATE PERSONNEL AND**
3 **PENSIONS ARTICLE;**

4 **(II) A DETENTION CENTER OFFICER EMPLOYED BY A**
5 **PARTICIPATING GOVERNMENTAL UNIT AS A LOCAL DETENTION CENTER OFFICER**
6 **WHO IS NOT A RETIREE OF THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM;**
7 **AND**

8 **(III) A SECURITY CHIEF, A FACILITY ADMINISTRATOR, AN**
9 **ASSISTANT WARDEN, OR A WARDEN WHO IS A RETIREE OF THE EMPLOYEES'**
10 **PENSION SYSTEM OR THE EMPLOYEES' RETIREMENT SYSTEM.**

11 **[(2)] (3)** “Emergency services personnel” means emergency medical
12 technicians or paramedics.

13 **[(3)] (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 (b) Subject to subsections (d) and (e) of this section, to determine Maryland
29 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years
30 old or is totally disabled or the resident’s spouse is totally disabled, or the resident [is at
31 least 55 years old and] is a retired **CORRECTIONAL OFFICER**, law enforcement officer, or
32 fire, rescue, or emergency services personnel of the United States, the State, or a political

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 an
4 employee retirement system included in federal adjusted gross income; or

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

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

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

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

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

15 (e) In the case of a retired **CORRECTIONAL OFFICER**, law enforcement officer,
16 or fire, rescue, or emergency services personnel of the United States, the State, or a political
17 subdivision of the State, the amount included under subsection (b)(1) of this section [is]:

18 **(1) FOR THE TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2017,**
19 **BUT BEFORE JANUARY 1, 2019, MAY BE SUBTRACTED ONLY IF THE RESIDENT IS AT**
20 **LEAST 55 YEARS OLD ON THE LAST DAY OF THE TAXABLE YEAR AND IS** limited to the
21 first \$15,000 of retirement income that is attributable to the resident's employment as a
22 **CORRECTIONAL OFFICER**, law enforcement officer, or fire, rescue, or emergency services
23 personnel of the United States, the State, or a political subdivision of the State [unless];

24 **(2) FOR THE TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2018,**
25 **BUT BEFORE JANUARY 1, 2020, MAY BE SUBTRACTED ONLY IF THE RESIDENT IS AT**
26 **LEAST 50 YEARS OLD ON THE LAST DAY OF THE TAXABLE YEAR AND IS LIMITED TO**
27 **50% OF THE RETIREMENT INCOME THAT IS ATTRIBUTABLE TO THE RESIDENT'S**
28 **EMPLOYMENT AS A CORRECTIONAL OFFICER, LAW ENFORCEMENT OFFICER, OR**
29 **FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE**
30 **STATE, OR A POLITICAL SUBDIVISION OF THE STATE; AND**

31 **(3) FOR ANY TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019,**
32 **MAY BE SUBTRACTED ONLY IF THE RESIDENT IS AT LEAST 50 YEARS OLD ON THE**
33 **LAST DAY OF THE TAXABLE YEAR AND INCLUDES ALL OF THE RETIREMENT INCOME**
34 **THAT IS ATTRIBUTABLE TO THE RESIDENT'S EMPLOYMENT AS A CORRECTIONAL**
35 **OFFICER, LAW ENFORCEMENT OFFICER, OR FIRE, RESCUE, OR EMERGENCY**

1 SERVICES PERSONNEL OF THE UNITED STATES, THE STATE, OR A POLITICAL
2 SUBDIVISION OF THE STATE.

3 (F) THE LIMITATIONS SET FORTH IN SUBSECTION (E) OF THIS SECTION DO
4 NOT APPLY IF:

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

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

7 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before October 1, 2018,
8 the State Retirement Agency shall notify the individuals who are affected by this Act of
9 their right to transfer service credit from the Employees' Retirement System or the
10 Employees' Pension System to the Correctional Officers' Retirement System.

11 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be
12 applicable to all taxable years beginning after December 31, 2017.

13 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July
14 1, 2018.