

HOUSE BILL 317

Q3

2lr0418

By: **Delegate Novotny**

Introduced and read first time: January 19, 2022

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of phasing in, over a certain period of years, an increase in a subtraction
4 modification under the Maryland income tax to allow for a subtraction of all military
5 retirement income; and generally relating to a subtraction modification under the
6 Maryland income tax for military retirement income.

7 BY repealing and reenacting, without amendments,
8 Article – Tax – General
9 Section 10–207(a)
10 Annotated Code of Maryland
11 (2016 Replacement Volume and 2021 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article – Tax – General
14 Section 10–207(q)
15 Annotated Code of Maryland
16 (2016 Replacement Volume and 2021 Supplement)

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

19 **Article – Tax – General**

20 10–207.

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

24 (q) (1) (i) In this subsection the following words have the meanings

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 indicated.

2 (ii) "Military retirement income" means retirement income,
3 including death benefits, received as a result of military service.

4 (iii) "Military service" means:

5 1. induction into the armed forces of the United States for
6 training and service under the Selective Training and Service Act of 1940 or a subsequent
7 act of a similar nature;

8 2. membership in a reserve component of the armed forces of
9 the United States;

10 3. membership in an active component of the armed forces of
11 the United States;

12 4. membership in the Maryland National Guard; or

13 5. active duty with the commissioned corps of the Public
14 Health Service, the National Oceanic and Atmospheric Administration, or the Coast and
15 Geodetic Survey.

16 (2) The subtraction under subsection (a) of this section includes:

17 [(i) if, on the last day of the taxable year, the individual is under the
18 age of 55 years, the first \$5,000 of military retirement income received by an individual
19 during the taxable year; and

20 (ii) if, on the last day of the taxable year, the individual is at least 55
21 years old, the first \$15,000 of military retirement income received by an individual during
22 the taxable year]

23 (I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
24 2021, BUT BEFORE JANUARY 1, 2023, THE GREATER OF \$15,000 OR 25% OF THE
25 AMOUNT OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING
26 THE TAXABLE YEAR;

27 (II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
28 2022, BUT BEFORE JANUARY 1, 2024, THE GREATER OF \$15,000 OR 50% OF THE
29 AMOUNT OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING
30 THE TAXABLE YEAR;

31 (III) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
32 2023, BUT BEFORE JANUARY 1, 2025, THE GREATER OF \$15,000 OR 75% OF THE
33 AMOUNT OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING

1 THE TAXABLE YEAR; AND

2 (IV) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
3 2024, ALL MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING
4 THAT TAXABLE YEAR.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
6 1, 2022.