

# SENATE BILL 299

Q3  
SB 194/15 – B&T

6lr2073  
CF HB 158

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By: **Senators Eckardt, Bates, Hershey, and Mathias**  
Introduced and read first time: January 22, 2016  
Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification – Retirement Income**  
3 **(Fairness in Taxation for Retirees Act)**

4 FOR the purpose of including income from certain retirement plans within a certain  
5 subtraction modification allowed under the Maryland income tax for certain  
6 individuals who are at least a certain age or who are disabled or whose spouse is  
7 disabled; providing for the application of this Act; and generally relating to a  
8 subtraction modification under the Maryland income tax for certain individuals for  
9 certain retirement income.

10 BY repealing and reenacting, with amendments,  
11 Article – Tax – General  
12 Section 10–209  
13 Annotated Code of Maryland  
14 (2010 Replacement Volume and 2015 Supplement)

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

17 **Article – Tax – General**

18 10–209.

19 (a) In this section[:

20 (1) “employee], “**QUALIFIED** retirement [system”] **PLAN**” means [a plan]:

21 [(i) established and maintained by an employer for the benefit of its  
22 employees; and

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



1 (ii)] **(1) A RETIREMENT PLAN** qualified under § 401(a), § 403, or  
2 § 457(b) of the Internal Revenue Code; [and

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

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

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

8 (iii) a rollover individual retirement account;

9 (iv) a simplified employee pension under Internal Revenue Code  
10 § 408(k); or

11 (v) an ineligible deferred compensation plan under § 457(f) of the  
12 Internal Revenue Code]

13 **(2) AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY UNDER § 408**  
14 **OF THE INTERNAL REVENUE CODE;**

15 **(3) A ROTH INDIVIDUAL RETIREMENT ACCOUNT UNDER § 408A OF**  
16 **THE INTERNAL REVENUE CODE;**

17 **(4) A SIMPLIFIED EMPLOYEE PENSION UNDER § 408(K) OF THE**  
18 **INTERNAL REVENUE CODE; OR**

19 **(5) AN INELIGIBLE DEFERRED COMPENSATION PLAN UNDER § 457(F)**  
20 **OF THE INTERNAL REVENUE CODE.**

21 (b) Subject to subsection (d) of this section, to determine Maryland adjusted gross  
22 income, if, on the last day of the taxable year, a resident is at least 65 years old or is totally  
23 disabled or the resident’s spouse is totally disabled, an amount is subtracted from federal  
24 adjusted gross income equal to the lesser of:

25 (1) [the cumulative or total annuity, pension, or endowment income from  
26 an employee] **THE TOTAL INCOME FROM A QUALIFIED** retirement [system] **PLAN**  
27 included in federal adjusted gross income **FOR THE TAXABLE YEAR;** or

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

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

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

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

4           (d) Military retirement income that is included in the subtraction under  
5 § 10-207(q) of this subtitle may not be taken into account for purposes of the subtraction  
6 under this section.

7           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
8 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.