

SENATE BILL 461

Q3

3lr2297

By: **Senators Hershey, Bailey, Carozza, Corderman, Folden, Gallion, Jennings, Mautz, McKay, Ready, Salling, Simonaire, and West**

Introduced and read first time: February 3, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Retirement Tax Elimination Act of 2023**

3 FOR the purpose of allowing, subject to certain limitations, certain individuals a
4 subtraction modification under the Maryland income tax for a certain amount of
5 income; prohibiting an individual who includes income under the subtraction
6 modification from including income under a certain subtraction modification for
7 certain retirement income; and generally relating to a subtraction modification
8 under the Maryland income tax.

9 BY repealing and reenacting, without amendments,
10 Article – Tax – General
11 Section 10–207(a)
12 Annotated Code of Maryland
13 (2022 Replacement Volume)

14 BY adding to
15 Article – Tax – General
16 Section 10–207(o)
17 Annotated Code of Maryland
18 (2022 Replacement Volume)

19 BY repealing and reenacting, with amendments,
20 Article – Tax – General
21 Section 10–209(d)
22 Annotated Code of Maryland
23 (2022 Replacement Volume)

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.



1 **Article – Tax – General**

2 10–207.

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

6 **(OO) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE**
7 **SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES ANY INCOME OF**
8 **AN INDIVIDUAL IF, ON THE LAST DAY OF THE TAXABLE YEAR, THE INDIVIDUAL:**

9 **(I) IS RECEIVING OLD AGE OR SURVIVOR BENEFITS UNDER THE**
10 **SOCIAL SECURITY ACT; OR**

11 **(II) 1. IS AT LEAST 65 YEARS OLD; AND**

12 **2. IS NOT EMPLOYED FULL–TIME.**

13 **(2) INCOME THAT IS OTHERWISE INCLUDED IN A SUBTRACTION**
14 **AUTHORIZED UNDER THIS SUBTITLE MAY NOT BE INCLUDED IN THE SUBTRACTION**
15 **AUTHORIZED UNDER THIS SUBSECTION.**

16 **(3) (I) THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS**
17 **SUBSECTION MAY NOT EXCEED:**

18 **1. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER**
19 **31, 2022, BUT BEFORE JANUARY 1, 2024, \$10,000;**

20 **2. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER**
21 **31, 2023, BUT BEFORE JANUARY 1, 2025, \$20,000;**

22 **3. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER**
23 **31, 2024, BUT BEFORE JANUARY 1, 2026, \$30,000;**

24 **4. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER**
25 **31, 2025, BUT BEFORE JANUARY 1, 2027, \$40,000; AND**

26 **5. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER**
27 **31, 2026, BUT BEFORE JANUARY 1, 2028, \$50,000.**

28 **(II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
29 **2027, THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS SUBSECTION INCLUDES**
30 **ALL INCOME OF THE INDIVIDUAL.**

1 **(4) THE COMPTROLLER SHALL ADOPT REGULATIONS TO IMPLEMENT**
2 **THE PROVISIONS OF THIS SUBSECTION.**

3 10–209.

4 (d) (1) 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 (2) Public safety employee retirement income that is included in the
8 subtraction under § 10–207(mm) of this subtitle may not be taken into account for purposes
9 of the subtraction under this section.

10 **(3) INCOME THAT IS INCLUDED IN THE SUBTRACTION UNDER §**
11 **10–207(OO) OF THIS SUBTITLE MAY NOT BE TAKEN INTO ACCOUNT FOR PURPOSES**
12 **OF THE SUBTRACTION UNDER THIS SECTION.**

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
14 1, 2023.