Q3 0lr0178 CF SB 269

By: The Speaker (By Request – Administration) and Delegates Adams, Anderton, Arentz, Arikan, Buckel, Chisholm, Ciliberti, Corderman, Cox, M. Fisher, Ghrist, Griffith, Hartman, Howard, Jacobs, Kipke, Kittleman, Krebs, Long, Malone, Mangione, Mautz, McComas, McKay, Metzgar, Otto, Parrott, Pippy, Reilly, Rose, Saab, Shoemaker, Szeliga, and Wivell

Introduced and read first time: January 20, 2020

Assigned to: Ways and Means

A BILL ENTITLED

1	AN ACT concerning				
2	Income Tax Subtraction Modification - Correctional Officers, Law Enforcement				
$\frac{3}{4}$	Officers, and Fire, Rescue, and Emergency Services Personnel (Hometown Heroes Act)				
5 6 7 8 9	modification under the Maryland income tax for certain retirement income attributable to certain employment; increasing the amount of certain retirement income that is eligible for a certain subtraction modification under the Maryland income tax; providing for the application of this Act; and generally relating to a				
10	subtraction modification for certain retirement income.				
11 12 13 14 15	BY repealing and reenacting, with amendments, Article – Tax – General Section 10–209 Annotated Code of Maryland (2016 Replacement Volume and 2019 Supplement)				
16 17	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:				
18	Article - Tax - General				
19	10–209.				
20	(a) (1) In this section the following words have the meanings indicated.				
21	(2) "Correctional officer" means an individual who:				

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(b)

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1	(i)	was e	mployed in:
2 3	Correctional Services Art	1. ticle;	a State correctional facility, as defined in $\S 1-101$ of the
4 5	Correctional Services Art	2. ticle;	a local correctional facility, as defined in § 1–101 of the
6 7	Services Article; or	3.	a juvenile facility included in § 9–226 of the Human
8 9 10	or local correctional facili Article; and	4. ity or a	a facility of the United States that is equivalent to a State juvenile facility included in § 9–226 of the Human Services
11 12	(ii) individual's employment		gible to receive retirement income attributable to the item (i) of this paragraph.
13 14	(3) "Eme or paramedics.	ergency	services personnel" means emergency medical technicians
15	(4) (i)	"Emp	loyee retirement system" means a plan:
16 17	of its employees; and	1.	established and maintained by an employer for the benefit
18 19	Revenue Code.	2.	qualified under \S 401(a), \S 403, or \S 457(b) of the Internal
20	(ii)	"Emp	loyee retirement system" does not include:
21 22	of the Internal Revenue	1. Code;	an individual retirement account or annuity under § 408
23 24	Internal Revenue Code;	2.	a Roth individual retirement account under § 408A of the
25		3.	a rollover individual retirement account;
26 27	Code § 408(k); or	4.	a simplified employee pension under Internal Revenue
28 29	the Internal Revenue Co	5. de.	an ineligible deferred compensation plan under \S 457(f) of

Subject to subsections (d) and (e) of this section, to determine Maryland

adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years old or is totally disabled or the resident's spouse is totally disabled, or the resident is at least [55] 50 years old and is a retired correctional officer, law enforcement officer, or fire, rescue, or emergency services personnel of the United States, the State, or a political subdivision of the State, an amount is subtracted from federal adjusted gross income equal to the lesser of:

- 7 (1) the cumulative or total annuity, pension, or endowment income from an 8 employee retirement system included in federal adjusted gross income; or
- 9 (2) the maximum annual benefit under the Social Security Act computed 10 under subsection (c) of this section, less any payment received as old age, survivors, or 11 disability benefits under the Social Security Act, the Railroad Retirement Act, or both.
- 12 (c) For purposes of subsection (b)(2) of this section, the Comptroller:
- 13 (1) shall determine the maximum annual benefit under the Social Security 14 Act allowed for an individual who retired at age 65 for the prior calendar year; and
- 15 (2) may allow the subtraction to the nearest \$100.
- 16 (d) Military retirement income that is included in the subtraction under § 10–207(q) of this subtitle may not be taken into account for purposes of the subtraction under this section.
- [In] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN the case 19 **(1)** (e) 20 of a retired correctional officer, law enforcement officer, or fire, rescue, or emergency 21services personnel of the United States, the State, or a political subdivision of the State, 22the amount included under subsection (b)(1) of this section is limited to [the first \$15,000] 23of retirement income that is attributable to the resident's employment as a correctional 24officer, a law enforcement officer, or fire, rescue, or emergency services personnel of the 25 United States, the State, or a political subdivision of the State unless:
- 26 [(1)] (I) the resident is at least 65 years old or is totally disabled; or
- [(2)] (II) the resident's spouse is totally disabled.
- 28 (2) THE AMOUNT INCLUDED UNDER SUBSECTION (B)(1) OF THIS 29 SECTION MAY NOT EXCEED:
- 30 (I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019, BUT BEFORE JANUARY 1, 2021, THE GREATER OF 50% OR THE FIRST \$15,000 OF THE AMOUNT OF INCOME THAT IS ELIGIBLE UNDER PARAGRAPH (1) OF THIS SUBSECTION; AND

HOUSE BILL 350

- 1 (II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
- 2 2020, 100% OF THE AMOUNT OF INCOME THAT IS ELIGIBLE UNDER PARAGRAPH (1)
- 3 OF THIS SUBSECTION.
- 4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
- 5 1, 2020.