

HOUSE BILL 787

Q3

2lr1463

By: **Delegates Krebs, Adams, Anderton, Arian, Boteler, Buckel, Chisholm, M. Fisher, Grammer, Griffith, Hartman, Hornberger, Howard, Kipke, Kittleman, Mangione, Mautz, McComas, McKay, Morgan, Parrott, Pippy, Reilly, Rose, Saab, Shoemaker, Szeliga, Thiam, and Wivell**

Introduced and read first time: February 3, 2022

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Retiree Income Tax Relief Act of 2022**

3 FOR the purpose of including certain payments received under the Social Security Act,
4 payments received as benefits under the Railroad Retirement Act, and certain
5 retirement income within a certain subtraction modification under the Maryland
6 income tax for certain individuals who are at least a certain age or who are disabled
7 or whose spouse is disabled; altering a certain limitation on the maximum amount
8 of the subtraction modification; providing for an increase of the maximum limitation
9 amount for certain taxable years by a certain cost-of-living adjustment; and
10 generally relating to a subtraction modification under the Maryland income tax for
11 retirement income.

12 BY repealing

13 Article – Tax – General
14 Section 10–207(j)
15 Annotated Code of Maryland
16 (2016 Replacement Volume and 2021 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article – Tax – General
19 Section 10–209
20 Annotated Code of Maryland
21 (2016 Replacement Volume and 2021 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
23 That Section(s) 10–207(j) of Article – Tax – General of the Annotated Code of Maryland be
24 repealed.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

Article – Tax – General

10–209.

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

(2) “Correctional officer” means an individual who:

(i) was employed in:

1. a State correctional facility, as defined in § 1–101 of the Correctional Services Article;

2. a local correctional facility, as defined in § 1–101 of the Correctional Services Article;

3. a juvenile facility included in § 9–226 of the Human Services Article; or

4. a facility of the United States that is equivalent to a State or local correctional facility or a juvenile facility included in § 9–226 of the Human Services Article; and

(ii) is eligible to receive retirement income attributable to the individual’s employment under item (i) of this paragraph.

(3) “Emergency services personnel” means emergency medical technicians or paramedics.

[(4) (i) “Employee retirement system” means a plan:

1. established and maintained by an employer for the benefit of its employees; and

2. qualified under § 401(a), § 403, or § 457(b) of the Internal Revenue Code.

(ii) “Employee retirement system” does not include:

1. an individual retirement account or annuity under § 408 of the Internal Revenue Code;

2. a Roth individual retirement account under § 408A of the Internal Revenue Code;

- 1 3. a rollover individual retirement account;
- 2 4. a simplified employee pension under Internal Revenue
- 3 Code § 408(k); or
- 4 5. an ineligible deferred compensation plan under § 457(f) of
- 5 the Internal Revenue Code.]

6 **(4) (I) “QUALIFIED RETIREMENT PLAN” MEANS:**

- 7 1. **A RETIREMENT PLAN QUALIFIED UNDER § 401(A), §**
- 8 **403, OR § 457(B) OF THE INTERNAL REVENUE CODE;**
- 9 2. **AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY**
- 10 **UNDER § 408 OF THE INTERNAL REVENUE CODE;**
- 11 3. **A ROLLOVER INDIVIDUAL RETIREMENT ACCOUNT;**
- 12 4. **A SIMPLIFIED EMPLOYEE PENSION UNDER § 408(K)**
- 13 **OF THE INTERNAL REVENUE CODE;**
- 14 5. **A SAVINGS INCENTIVE MATCH PLAN FOR AN**
- 15 **EMPLOYEE RETIREMENT PLAN UNDER § 408 OF THE INTERNAL REVENUE CODE; OR**
- 16 6. **A ROTH INDIVIDUAL RETIREMENT ACCOUNT UNDER §**
- 17 **408A OF THE INTERNAL REVENUE CODE.**

18 **(II) “QUALIFIED RETIREMENT PLAN” DOES NOT INCLUDE AN**

19 **INELIGIBLE DEFERRED COMPENSATION PLAN UNDER § 457(F) OF THE INTERNAL**

20 **REVENUE CODE.**

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

22 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years

23 old or is totally disabled or the resident’s spouse is totally disabled, or the resident is at

24 least 55 years old and is a retired correctional officer, law enforcement officer, or fire,

25 rescue, or emergency services personnel of the United States, the State, or a political

26 subdivision of the State, an amount is subtracted from federal adjusted gross income equal

27 to the lesser of:

28 (1) the [cumulative or total annuity, pension, or endowment income from

29 an employee retirement system] **SUM OF THE FOLLOWING AMOUNTS** included in federal

30 adjusted gross income:

(I) PAYMENTS RECEIVED UNDER TITLE II OF THE SOCIAL SECURITY ACT;

(II) PAYMENTS RECEIVED AS BENEFITS UNDER THE RAILROAD RETIREMENT ACT; AND

(III) INCOME FROM A QUALIFIED RETIREMENT PLAN; or

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

(2) \$55,000.

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

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

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

(C) (1) FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2022, THE LIMITATION AMOUNT SPECIFIED IN SUBSECTION (B)(2) OF THIS SECTION SHALL BE INCREASED TO REFLECT ANY AGGREGATE INCREASE IN THE CONSUMER PRICE INDEX FOR URBAN WAGE EARNERS AND CLERICAL WORKERS (CPI-W).

(2) IF ANY INCREASE DETERMINED UNDER PARAGRAPH (1) OF THIS SUBSECTION IS NOT A MULTIPLE OF \$50, THE INCREASE SHALL BE ROUNDED DOWN TO THE NEAREST MULTIPLE OF \$50.

(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.

(e) In the case of 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, the amount included under subsection (b)(1) of this section is limited to the first \$15,000 of retirement income that is attributable to the resident's employment as a correctional officer, a law enforcement officer, or fire, rescue, or emergency services personnel of the United States, the State, or a political subdivision of the State unless:

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

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

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.