

SENATE BILL 581

Q3
HB 1424/06 – W&M

8lr2944
CF 8lr1488

By: **Senators Robey, DeGrange, Glassman, King, McFadden, Middleton, Muse, Peters, Stoltzfus, and Zirkin**

Introduced and read first time: February 1, 2008

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Hometown Heroes Act of 2008 – Income Tax – Subtraction Modification for**
3 **Retirement Income of Law Enforcement, Fire, Rescue, and Emergency**
4 **Services Personnel**

5 FOR the purpose of providing a subtraction modification under the Maryland income
6 tax under certain circumstances for certain retirement income attributable to a
7 resident's employment as a law enforcement officer or the individual's service as
8 fire, rescue, or emergency services personnel; providing for the application of
9 this Act; and generally relating to a subtraction modification under the
10 Maryland income tax for certain retirement income attributable to a resident's
11 employment as a law enforcement officer or the individual's service as fire,
12 rescue, or emergency services personnel.

13 BY repealing and reenacting, with amendments,
14 Article – Tax – General
15 Section 10–209
16 Annotated Code of Maryland
17 (2004 Replacement Volume and 2007 Supplement)

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

20 **Article – Tax – General**

21 10–209.

22 (a) In this section:

23 (1) “employee retirement system” means a plan:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) established and maintained by an employer for the benefit of
2 its employees; and

3 (ii) qualified under § 401(a), § 403, or § 457(b) of the Internal
4 Revenue Code; and

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

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

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

10 (iii) a rollover individual retirement account;

11 (iv) a simplified employee pension under Internal Revenue Code
12 § 408(k); or

13 (v) an ineligible deferred compensation plan under § 457(f) of
14 the Internal Revenue Code.

15 (b) Subject to [subsection (d)] **SUBSECTIONS (D) AND (E)** of this section, to
16 determine Maryland adjusted gross income, if, on the last day of the taxable year, a
17 resident is at least 65 years old or is totally disabled or the resident’s spouse is totally
18 disabled, **OR THE RESIDENT IS AT LEAST 50 YEARS OLD AND IS A RETIRED LAW**
19 **ENFORCEMENT OFFICER OR FIRE, RESCUE, OR EMERGENCY SERVICES**
20 **PERSONNEL OF THE UNITED STATES, THE STATE, OR A POLITICAL SUBDIVISION**
21 **OF THE STATE**, an amount is subtracted from federal adjusted gross income equal to
22 the lesser of:

23 (1) the cumulative or total annuity, pension, or endowment income
24 from an employee retirement system included in federal adjusted gross income; or

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

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

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

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

1 (d) Military retirement income that is included in the subtraction under §
2 10-207(q) of this subtitle may not be taken into account for purposes of the subtraction
3 under this section.

4 (E) IN THE CASE OF A RETIRED LAW ENFORCEMENT OFFICER OR FIRE,
5 RESCUE, OR EMERGENCY MEDICAL SERVICES PERSONNEL OF THE UNITED
6 STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE, THE AMOUNT
7 INCLUDED UNDER SUBSECTION (B)(1) OF THIS SECTION IS LIMITED TO
8 RETIREMENT INCOME THAT IS ATTRIBUTABLE TO THE RESIDENT'S
9 EMPLOYMENT AS A LAW ENFORCEMENT OFFICER OR FIRE, RESCUE, OR
10 EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE STATE, OR A
11 POLITICAL SUBDIVISION OF THE STATE, UNLESS:

12 (1) THE RESIDENT IS AT LEAST 65 YEARS OLD OR IS TOTALLY
13 DISABLED; OR

14 (2) THE RESIDENT'S SPOUSE IS TOTALLY DISABLED.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,
17 2007.