

SB0466/463226/1

BY: Delegate Grammer

AMENDMENTS TO SENATE BILL 466  
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after “**Tax –**” insert “**Alterations to**”; in line 3, strike “**– Alterations**” and substitute “**and Subtraction Modification for Retirement Income**”; in line 4, after “of” insert “including income from certain retirement plans within a certain subtraction modification allowed under the Maryland income tax for certain individuals who are at least a certain age or who are disabled or whose spouse is disabled; altering the maximum amount of the subtraction modification for certain taxable years; repealing a limitation on the maximum amount of the subtraction modification; providing that income included in certain subtraction modifications may not be taken into account for purposes of the subtraction modification for retirement income;”; in line 10, after “to” insert “a subtraction modification under the Maryland income tax for retirement income and”; and in line 15, after “Section” insert “10–209 and”.

AMENDMENT NO. 2

On page 1, after line 20, insert:

“10–209.

(a) In this section:

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

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

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

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

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

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

(iii) a rollover individual retirement account;

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

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

(1) “QUALIFIED RETIREMENT PLAN” MEANS:

(I) A RETIREMENT PLAN QUALIFIED UNDER § 401(A), § 403, OR § 457(B) OF THE INTERNAL REVENUE CODE;

(II) AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY UNDER § 408 OF THE INTERNAL REVENUE CODE;

(III) A ROTH INDIVIDUAL RETIREMENT ACCOUNT UNDER § 408A OF THE INTERNAL REVENUE CODE;

(IV) A ROLLOVER INDIVIDUAL RETIREMENT ACCOUNT; OR

(V) A SIMPLIFIED EMPLOYEE PENSION UNDER § 408(K) OF THE INTERNAL REVENUE CODE; AND

(2) “QUALIFIED RETIREMENT PLAN” DOES NOT INCLUDE AN INELIGIBLE DEFERRED COMPENSATION PLAN UNDER § 457(F) OF THE INTERNAL REVENUE CODE.

(b) Subject to subsections (C) AND (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 years old and is a retired forest ranger, park ranger, or wildlife ranger 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]:

(1) [the cumulative or total annuity, pension, or endowment income from an employee retirement system] 30% OF THE TOTAL INCOME FROM A QUALIFIED RETIREMENT PLAN included in federal adjusted gross income FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025, BUT BEFORE JANUARY 1, 2027; [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) 60% OF THE TOTAL INCOME FROM A QUALIFIED RETIREMENT PLAN INCLUDED IN FEDERAL ADJUSTED GROSS INCOME FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2026, BUT BEFORE JANUARY 1, 2028; AND

(3) 100% OF THE TOTAL INCOME FROM A QUALIFIED RETIREMENT PLAN INCLUDED IN FEDERAL ADJUSTED GROSS INCOME FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2027.

[(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.

(d) (1) 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.

(Over)

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

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

**[(e)] (D)** In the case of a retired forest ranger, park ranger, or wildlife ranger of the United States, the State, or a political subdivision of the State, the amount included under subsection [(b)(1)] (B) of this section is limited to the first \$15,000 of retirement income that is attributable to the resident’s employment as a forest ranger, park ranger, or wildlife ranger 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.”.