

1980 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article 81 - Revenue and Taxes

280.

(c) There shall be subtracted from federal adjusted gross income:

(1) [interest] INTEREST or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States and any other income to the extent includable in gross income for federal income tax purposes, but exempt from State income taxes under the laws of the United States;

(2) [payments] PAYMENTS received by policemen and firemen from pension systems for injuries or disabilities arising out of and in the course of their employment as policemen or firemen;

(3) [for all taxable years ending after December 31, 1972, the] THE lesser of:

(i) [amounts] AMOUNTS received by an individual who has attained the age of 65 years before the close of the taxable year as an annuity, pension, or endowment under a private, municipal, State or federal employee retirement system, and included in such individual's federal adjusted gross income, or

(ii) [an] AN amount equal to the maximum annual benefits permitted for persons who retired at the age of 65 or older under the Social Security Act for the prior calendar year reduced by the amount of old age, survivors, or disability benefits received under the Social Security Act, the Railroad Retirement Act, or both, as the case may be. The Comptroller shall determine the amount of the maximum benefit annually. For the purposes of this paragraph, the Comptroller may allow the subtraction to the nearest \$100;

(4) [in] IN the case of persons retired prior to January 1, 1967, payments received which represent unrecovered contributions to a retirement system over and above any amount of such contributions remaining to be recovered tax free on the federal return, limited to an amount which together with the amount of any tax-free exclusion in the federal return does not exceed the exclusion which was permitted under the laws and regulations of this State prior to the year 1967;