

strumentality of the United States and any other income to the ~~extent~~ EXTENT includable in gross income for federal income tax purposes, but exempt from State income taxes under the laws of the United States; (2) to the extent included, undistributed corporate income attributed to individuals from small business corporations, as defined by Section 1371 of the Internal Revenue Code, as amended from time to time, which elected to be taxed in accordance with the provisions of subchapter "S" of the Internal Revenue Code; (3) 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; and (4) for all taxable years ending after December 31, 1966, 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 [individuals] *individual's* federal adjusted gross income, this subtraction not to exceed ~~two thousand, five hundred dollars (\$2,500.00)~~ **[\$1,200.00]** ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500.00) less 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; and (5) 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; and (6) to the extent included, the amount of any refunds of income taxes paid to the State of Maryland, any other state, the District of Columbia, and any political subdivision of the State of Maryland and of any other state; and (7) to the extent included, distributions to beneficiaries of accumulated income on which income tax has been paid by a fiduciary to this State.

SEC. 2. *AND BE IT FURTHER ENACTED*, THAT THE PROVISION OF THIS ACT SHALL TAKE EFFECT FOR ALL TAXABLE YEARS ENDING AFTER DECEMBER 31, 1970.

SEC. 2 3. *And be it further enacted*, That this Act shall take effect January 1, 1972.

Approved May 24, 1971.

CHAPTER 698
(House Bill 463)

AN ACT to repeal and re-enact, with amendments, Section 35(b) of Article 77 of the Annotated Code of Maryland (1970 Supplement), title "Public Education," subtitle "Chapter 4. County Boards of Education," and to add new Section 36A to said article, title and subtitle of the Code, to follow immediately after Section 36 thereof; reconstituting the county Board of Education for Washington County, making it an elective Board, providing for