

**Administrative Release No. 35**

**Subject: The Honorable Louis L. Goldstein Subtraction Modification Program for United States Coast Guard Auxiliary Members**

**I. General**

The 1999 legislature enacted Senate Bill 655 (Chapter 375, Acts of 1999) providing a special subtraction modification for qualifying United States Coast Guard Auxiliary members. The amount of the subtraction modification is equal to \$3,500, which in effect is an exemption from Maryland income tax. If a joint return is filed and both spouses are qualifying individuals, then the subtraction may be up to \$7,000. In order to qualify for the maximum amount, each qualifying spouse must have at least \$3,500 of income.

In 2001, the legislature enacted House Bill 46 (Chapter 442, Acts of 2001) that named the subtraction modification The Honorable Louis L. Goldstein Volunteer Police, Fire, Rescue, and Emergency Medical Services Personnel Subtraction Modification Program.

In 2003, the legislature enacted Senate Bill 746 (Chapter 267, Acts of 2003) that added two new ways in which a qualifying member may satisfy the active status requirement during a taxable year.

In 2008, the legislature enacted Senate Bill 12 (Chapter 344, Acts of 2008) that reduced the duration of active membership with the United States Coast Guard Auxiliary required of an individual to qualify for the subtraction. The new service requirements are effective for all taxable years beginning after December 31, 2007.

**II. Qualifying individuals**

An individual is a qualifying United States Coast Guard Auxiliary member for the purpose of this subtraction modification if the individual:

**A.** Is an active member of the United States Coast Guard Auxiliary;

**B.** Serves the organization in a volunteer capacity without compensation, except nominal expenses or meals;

**C. 1.** Qualifies for active status during the taxable year under a point system established by

the United States Coast Guard Auxiliary, that includes uniform systems for qualification, certification, and record keeping, if the program is incorporated into the Auxiliary's rules and regulations;

**2.** For taxable years beginning after December 31, 2002

(a) Is a member of the National Guard or other reserve component of the United States armed forces who has been ordered into active military service and who serves on active duty in the armed forces of the United States during the taxable year, or

(b) Is a civilian or a member of the Merchant Marine on assignment in support of the armed forces of the United States during the taxable year in an area designated as a combat zone by executive order of the President; and

**D.** Will have been an active member of the United States Coast Guard Auxiliary for at least 36 months during the last 10 calendar years by December 31 of the taxable year.

**III. Obligations of the auxiliary**

**Each auxiliary shall:**

**A.** Maintain a record of the points earned by and activities of each Auxiliary member during the calendar year;

**B.** Provide each member a report by February 15 of the following year indicating the number of points earned in each category during the preceding calendar year;

**C.** Provide a report that includes the names, Social Security numbers, and a certification that the member qualified for the subtraction modification under this section; and

**D.** On or before October 1 of each year, submit to the Comptroller a report listing the names, Social Security numbers, and points earned of individuals who qualified for the subtraction modification for the preceding taxable year.

#### **IV. Filing requirement**

To qualify for the subtraction modification, the individual shall attach to the income tax return a copy of the report referred to in Section III. This report will be used by the Comptroller to determine whether the individual qualifies for the subtraction modification.

#### **V. Effective date**

The subtraction modification is effective for all taxable years beginning after December 31, 1998.

Revised: September 2009



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