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February 18, 2021

Chair Anne Kaiser
Vice Chair Alonzo Washington
Members of the House Ways & Means Committee
Room 131, House Office Building
Annapolis, MD 21401

**House Bill 951 - Income Tax - Subtraction Modification - Military and Public Safety Retirement Income
POSITION: Support with Amendments**

Dear Chair Kaiser, Vice Chair Washington, Members of the Committee:

The Administration strongly supports House Bill 951 - Income Tax - Subtraction Modification - Military and Public Safety Retirement Income. We'd like to thank the sponsor for his sponsorship of the legislation, as well as the members of the committee for your hard work and leadership on similar tax relief measures.

House Bill 951 increases the existing subtraction modification for military retirees age 55 and above from \$15,000 to \$20,000. The legislation also proposes to expand the existing subtraction modification for our hometown heroes--retired law enforcement, correctional officers, and fire, rescue and emergency services personnel--aged 55 and older from \$15,000 to \$20,000. House Bill 951 also proposes to make an important change so that hometown heroes retirees who are at least 65 or totally disabled can claim the State pension exclusion for retirement income that is not excluded under the hometown heroes retirement income subtraction. This is how the subtraction modification for military retirees works. It should be the same for both categories of retirees.

The Administration respectfully asks the Committee to consider amending House Bill 951 to phase in a full exemption of retirement income attributable to military service or to employment as a law enforcement officer, correctional officer, or fire, rescue or emergency services personnel as proposed in the Administration's House Bill 734 and House Bill 735. Allowing those who put their lives on the line for our protection to exempt the retirement income they've earned as a result of their sacrifices will make our State a better place for our hometown heroes and military retirees to live, work, and retire. Not only is this the right thing to do, it will help attract these valuable professionals to our state.

For these reasons, the Administration asks for your favorable with amendments report on House Bill 951. For additional details, please contact Erin Chase, Deputy Legislative Officer, at 410-974-3336 or erin.chase1@maryland.gov

