

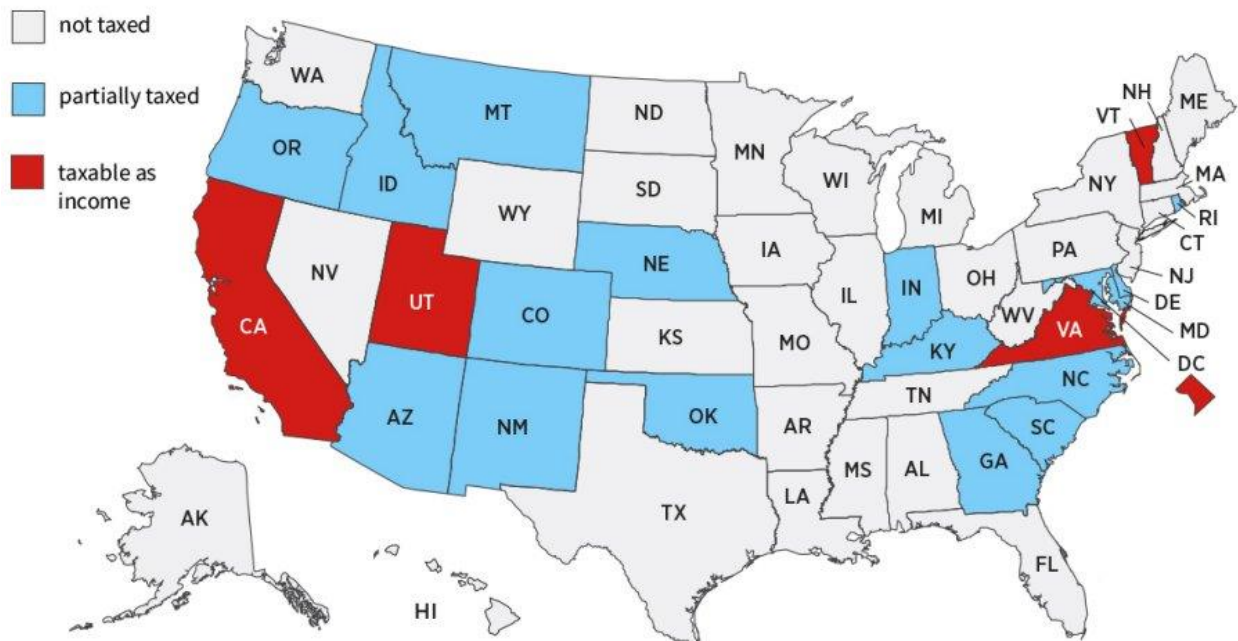
**Statement of Jayson L. Spiegel  
In Support of SB 0574  
Income Tax - Subtraction Modification – Military Retirement Income  
February 10, 2021**

My name is Jayson Spiegel. I am a Gaithersburg resident and retired after 28 years commissioned service in the Army and Army Reserve. I am a former Executive Director of the Reserve Officers Association of America and Deputy Assistant Secretary of the Army for Manpower and Reserve Affairs. In addition, I am the Principal Advisor for Legislative Affairs, and Principal Advisor for Communications for the Maryland Democratic Party Veterans Council. I also chair the Legislative and Policy Committee of the Veterans Democratic Club of Charles County and Vicinity

I am speaking in my personal capacity. Full disclosure - as a retired Army officer currently receiving retirement pay, I would be among those to benefit from this bill.

I urge the Senate to pass SB 574, which eliminates state income taxation for military retirement pay. Expanding the subtraction modification will incentivize military retirees to remain in Maryland upon retirement or move to Maryland from other states.

A majority of states do not tax military retirement. According to the American Association of Retired Persons, 21 states exempt military retirement pay from state income taxes; nine have no state income tax. Pennsylvania and West Virginia do not tax retirement pay. Sixteen states have a partial exemption for military retirement, including Maryland. Four states plus the District of Columbia tax all military retirement pay as income. This is depicted in the map that follows.



Source: Wolters Kluwer Tax & Accounting, and state departments of revenue

<https://www.aarp.org/money/taxes/info-2020/states-that-tax-military-retirement-pay.html>

As the map shows, a majority of states have exempted military retirement income from taxation, positioning them as potentially more desirable retirement locations than Maryland.

Over the years, there have been many bills that seek to expand the percentage of military retirement income exempt from state taxation. A variety of bills to that effect are currently pending. Rather than expand the exemption by a few percentage points, I urge the General Assembly to stand with our veterans and military retirees and phase in a complete exemption, as articulated in SB 0574.

Eliminating military retirement from state taxation not only benefits Maryland retired veterans, doing so also benefits the state. The bill incentivizes newly retired veterans to move to or remain living in Maryland. Their spending power benefits local businesses, and their knowledge and experience benefits prospective employers and communities. The bill enables Maryland to compete successfully with other states as a home for military retirees and demonstrates support and appreciation for those who served our country in the Active, National Guard and Reserve Components.

I want to thank the Senate President for his leadership on this issue and urge the passage of SB0574.

Thank you.