

Testimony of Paul Schwartz
January 17, 2024
Senate Budget & Taxation Committee
SB 58

I am Paul Schwartz on behalf of the National Active & Retired Federal Employees – NARFE

According to Comptroller Brooke Lierman and the Director of the Bureau of Revenue Estimates, there will be a sharp decline in revenue for FY 2024 and FY 2025.

Maryland's post pandemic economic recovery has been slower than much of the rest of the U.S.

Since a large percentage of Maryland's approximately \$60 billion in revenue is generated by state income tax, it is unlikely that any bill to reduce state income tax revenue will gain enough traction to get out of committee.

One of the main reasons why Maryland's economic recovery has been so slow and is expected to continue to be slow is because total population growth is declining.

According to the latest IRS interstate migration and tax returns gain/loss data from 2020-2021, Maryland ranks 46 out of the 50 states and the District of Columbia.

While Maryland continues to see a population decline, states like the Carolinas are seeing continued increases in population, especially among retirees.

Are you getting the feeling that we may be going around in circles (Not a math question, but maybe a geometry question).

We can't get tax relief for retirees because of loss of revenue resulting from population decline, yet the population decline can be tied, to a degree, to the high cost of retiring in Maryland.

There really is some truth to the saying: "You have to spend money to make money."

AND you cannot rely on the fiscal note because the fiscal note does NOT reflect the complete cost associated with the bill – any bill – because the Office of Legislative Services does not have the capability to calculate cost savings and incorporate that calculation into the fiscal note

They simply check with the Comptroller's office and take a hard count of lost tax revenue and give you that figure in the fiscal note without factoring in any cost savings by delaying entrance into nursing homes

We are experiencing a decline in revenue due in large part to declining population

Let's let retirees retire in place right here in Maryland and not watch them move to another tax-friendly state and lose their tax money including sales tax, fuel tax, and property tax