

2024 SB 897 - Income Tax Subtraction Modification

Uploaded by: angelo consoli

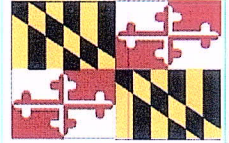
Position: FAV



CLYDE BOATWRIGHT
STATE PRESIDENT

Maryland State Lodge
FRATERNAL ORDER OF POLICE

8302 COVE ROAD, BALTIMORE, MD 21222



KENNY SCHUBERT
SECRETARY
EARL KRATSCH
TREASURER

February 20, 2024

SB 897 – Income Tax Subtraction Modification – Death Benefits – Law Enforcement Officers and Fire Fighters

Dear Chair Guzzone and Distinguished Members of the Budget and Taxations Committee,

The Maryland State Fraternal Order of Police **SUPPORTS SB 897 – Income Tax Subtraction Modification – Death Benefits – Law Enforcement Officers and Fire Fighters.**

Current Tax Article Section 10-207 (a) and (e-1) currently allows for “a payment from a pension system to the surviving spouse or other beneficiary of a law enforcement officer or fire fighter whose death arises out of or in the course of employment as a law enforcement officer or fire fighter” to be subtracted from the “federal adjusted gross income of a resident to determine Maryland adjusted gross income”. **Senate Bill 897** will add to this by also allowing for the same to occur if it is a “payment of a death benefit under a collective bargaining agreement from a county or municipality in the state.” **Senate Bill 897** also makes this retroactively apply by making it applicable to all taxable years beginning after December 31, 2021.

We would ask that the Ways and Means Committee vote **FAVORABLE** on **SB 897** as it would have a minimal effect on State and Local revenues but a major impact on the lives of the surviving spouse or beneficiary of a Law Enforcement Officer or Fire Fighter that dies in the line of duty. This is also needed to ensure that those that do not get a survivor’s or other beneficiary’s pension and instead get a negotiated benefit are given the same ability to deduct that payment from their taxes as those that did get one and are currently eligible for the deduction.

On behalf of the more than 20,000 Courageous Men and Women of the Maryland Fraternal Order of Police we thank you for your support and ask for your **FAVORABLE** vote on **SB 897 – Income Tax Subtraction Modification – Death Benefits – Law Enforcement Officers and Fire Fighters.**

Angelo L. Consoli Jr,
2nd Vice President, FOP, Maryland State Lodge
President, FOP Lodge 89, Prince George’s County

SB 897 - Carozza Testimony_FINAL.pdf

Uploaded by: Senator Mary Beth Carozza

Position: FAV

MARY BETH CAROZZA
Legislative District 38
Somerset, Wicomico,
and Worcester Counties

Education, Energy, and
the Environment Committee

Executive Nominations Committee



Annapolis Office
James Senate Office Building
11 Bladen Street, Room 316
Annapolis, Maryland 21401
410-841-3645 · 301-858-3645
800-492-7122 Ext. 3645
Fax 410-841-3006 · 301-858-3006
MaryBeth.Carozza@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 21, 2024

The Senate Budget and Taxation Committee

**SB 897 – Income Tax Subtraction Modification – Death Benefits – Law
Enforcement Officers and Fire Fighters**

Statement of Support by Bill Sponsor Senator Mary Beth Carozza

Thank you Chair Guzzone, Vice Chair Rosapepe, and members of the distinguished Senate Budget and Taxation Committee for this opportunity to present Senate Bill 897 – Income Tax Subtraction Modification – Death Benefits – Law Enforcement Officers and Fire Fighters.

This legislation would allow for a subtraction under the Maryland income tax to pay death benefits under a collective bargaining agreement from a county or municipality to the surviving spouse of a fallen law enforcement officer or firefighter. This bill specifically is intended to relieve the tax liability on the death benefits of the families of first responders who died in the line of duty, families who are already suffering from the loss of a parent, child, or spouse, families like Tashica Hilliard's, whose husband, Corporal Glenn Hilliard with the Wicomico County Sheriff's Office was brutally murdered by a violent offender.

Death benefits that are paid to the families of our fallen heroes are intended to relieve the immediate financial burden caused by their loss. However, under the current tax law, these death benefits are required to be reported as taxable income, meaning that these families cannot use the full benefit granted to them. This grave oversight, which we have been working with the Comptroller's office to rectify, was brought to our attention by Tashica Hilliard, the widow of Corporal Glenn Hilliard.

On the evening of June 12, 2022, Corporal Glenn Hilliard, a 16-year veteran of the Wicomico County Sheriff's Office, was shot and killed in the line of duty by a suspect who was wanted by the Maryland State Police in several counties, the Worcester County Sheriff's Office, and Baltimore City Police. The murder of Corporal Hilliard has been painful and devastating to the Hilliard family, his family at the Wicomico Sheriff's Office, and our entire Shore community. We have a moral obligation to support the families of our fallen heroes.

One important way to do so is to provide some financial security to the families of fallen heroes. On June 14, 2022, the Wicomico County Council, pursuant to a Collective Bargaining Agreement, authorized payment of a death benefit to his spouse in the amount of \$500,000. In

the process of preparing the 2022 tax return, Mrs. Hilliard learned that the death benefit had to be reported as taxable income resulting in a \$176,000 tax liability (\$138,000 federal and \$38,000 State).

The Hilliard family continues to suffer from the murder and death of their loved one, Glenn Hilliard, and will need emotional and financial support well into the future. The family should be relieved of this \$176,000 tax liability which is causing undue stress and a huge financial burden to a family of a law enforcement officer who served our State with honor in a dangerous job and ended up making the ultimate sacrifice.

Our federal partners are in the process of removing the tax burden at the federal level, and this legislation before you is intended to do the same at the State level. We have been working with the Comptroller's Office since this situation was brought to our attention, and I want to personally thank Joe Francaviglia, the Government Affairs Director, for his understanding and assistance.

Corporal Glenn Hilliard served Wicomico County and Maryland with integrity and was taken from his wife, his three children, and his community way too soon due to the evil actions of a violent criminal. We know from the world we live in that there will be more fallen heroes who end up making the ultimate sacrifice in their service to protect our homes, schools, neighborhoods, and communities across the State of Maryland.

This legislation would ensure that the families of these fallen heroes receive these full death benefits as intended, and SB 897 would be applied retroactively to any taxable years beginning after December 31, 2021 to guarantee that the Hilliard family receives the benefits of this legislation.

On a personal note, I publicly want to thank Tashica Hilliard for her leadership in advocating for the removal of this flaw in the tax code and for stepping up for the families of Maryland's fallen heroes. You continue to inspire all of us to strive for excellence in service to others.

I thank you for your kind attention and consideration, and I respectfully request a favorable and very swift report on SB 897.

SB897 - LOI.pdf

Uploaded by: Justin Hayes

Position: INFO

**Letter of Information – Senate Bill 897 – Income Tax Subtraction Modification –
Death Benefits – Law Enforcement Officers and Fire Fighters**

*Budget and Tax Committee
February 21, 2024*

We thank Senator Carozza for putting forward this bill focused on allowing a subtraction under the Maryland income tax for the payment of a death benefit under a collective bargaining agreement to a spouse or beneficiary of a law enforcement officer or fire fighter whose death arises out of the course of employment.

This is an important bill aimed at correcting an unforeseen issue within the tax code that created a tax liability for the surviving spouse of a fallen first responder when the payment came from a county or a municipality.

We appreciate the sponsors' efforts to work with the Comptroller's Office closely when this issue was first brought to light over the interim and for their commitment to righting this unfortunate wrong.

Should this bill pass in its current form, we are confident our agency will be able to administer the provisions of the law as intended with existing resources.

Thank you again to the bill sponsors and, should this bill pass, we look forward to working with you and your constituents to implement this law.

As always, the Comptroller's Office remains committed to supporting initiatives that benefit the community and look forward to working with you on this matter. Please contact Justin Hayes, Director of State Affairs at jhayes@marylandtaxes.gov or 410-260-7696, with any questions.

