

JOHNNY RAY SALLING
Legislative District 6
Baltimore County

Budget and Taxation Committee

Public Safety, Transportation,
and Environment Subcommittee



James Senate Office Building
11 Bladen Street, Room 321
Annapolis, Maryland 21401
410-841-3587 · 301-858-3587
800-492-7122 Ext. 3587
JohnnyRay.Salling@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Budget and Taxation Committee
Chair Guy Guzzone
Vice Chair Jim Rosapepe
3 West Miller Senate Office Building
Annapolis, Maryland 21401

Mr. Chair, Vice Chair and members of the Budget and Taxation Committee. Thank you for allowing me the opportunity to testify in favor of Senate Bill 99.

Current law states that if you are under 55 years old, you can only subtract \$12.5k of military retirement income. If you are 55 or older, you can only subtract \$20k of military retirement income. While I would like to immediately remove the tax on military retirement income, I think a partial tax exemption would be a great compromise for all interested parties. As a result, I have proposed a bill, Cross-filed with Delegate Rogers, that would introduce a greater tax exemption for military retirees having served in all branches.

Unlike bills introduced in past Legislative Sessions, this bill will exempt the first \$25,000 of military retirement income earned in 2025. In 2026, the first \$40,000 of retirement income would be exempted. Additionally, there is no age restriction.

Nearly all states do not tax military retirement income in some shape or form. Two of our neighboring states - West Virginia and Pennsylvania - do not tax military retirement income at all. With our proximity to other states, many military retirees have arranged to live elsewhere and commute to Maryland for work due to the better tax rates that other states have to offer. Many veterans are relatively young, continue to be active in the work force, and looking for a place to settle down after years of relocating. Maryland is where we want them to stay.

While this bill is not a full retirement income tax exemption, I believe this bill will help our State generate revenues as military retirees will have more money to spend on our local businesses, recreation, and so forth.

As a U.S. Army veteran, I am proud to present this bill for your consideration, as it eases stress on veterans and their families, and allows for positive economic opportunities for our state.

Thank you for allowing me to speak today, and I would urge a favorable report on this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Johnny Ray Salling".

Senator Johnny Ray Salling