

SB 211_Salling_Income_Tax_Sub 2020 Final

Uploaded by: Bresnahan, Tammy

Position: FAV

**Senate Bill 211 – Income Tax – Subtraction Modification – Military
Retirement Income
Senate Budget and Taxation Committee
January 22, 2020**

Good afternoon Chairman Guzzone and members of the Senate Budget and Taxation Committee. My name is Tammy Bresnahan. I am the Director of Advocacy for AARP Maryland. AARP MD is one of the largest membership-based organizations in the State, with almost 900,000 members, including nearly 200,000 Veterans.

On behalf of AARP Maryland, I am here today to support **Senate Bill 211 – Income Tax – Subtraction Modification – Military Retirement Income**. We thank Senator Salling for introducing this important retirement security legislation.

SB 211 expands the existing military retirement income tax subtraction modification by exempting 100% of military retirement income from State taxation. The exemption is phased in over three years, beginning with tax year 2021.

Active military members are generally eligible for retirement after 20 years of service. The majority then get civilian jobs, turning their military training into skills for the private sector. As a result, they pay income taxes, sales taxes on everything they buy, and possibly business taxes, boosting the economies of the states they live in.¹

AARP Maryland supports this retirement security initiative as it:

- Honors the Service of our military retirees through affording a total tax subtraction modification for military retirement income;
- Acknowledges their sacrifice by noting that military retirement income represents a small return given that it is earned through decades of often hazardous service performed on a global basis, and that it can only in the most limited manner conveyed to a surviving spouse; and
- Makes Maryland an attractive retirement option for future military retirees

¹ Elaine S. Povich, “States Compete for Military Retirees” *STATELINE ARTICLE*, August 10, 2015

AARP Maryland believes that supporting Senate Bill 211 is a solid economic move for Maryland, its workforce, its employers, our military installations, and all taxpayers across the State – not just for retired members of the Uniformed Services.

AARP Maryland respectfully requests a favorable report for Senate Bill 211.

For questions or additional information, please feel free to contact Tammy Bresnahan, Director of Advocacy at tbresnahan@arp.org or by calling 410-302-8451.

GUIBAO_FAV_SB211

Uploaded by: guibao, patrick

Position: FAV



THE AMERICAN LEGION
Department of Maryland
Legislative Committee

1020 Wallace Road
Crownsville MD 21032-1318

443.949.6322
patguibao@icloud.com

**ENDORSEMENT IN SUPPORT OF SENATE BILL 211 INCOME TAX –
SUBTRACTION MODIFICATION – MILITARY RETIREMENT INCOME**

Chair Guzzone, Vice Chair Rosapepe and distinguished members of the Senate Budget and Taxation Committee.

The American Legion Department of Maryland has a pillar in its foundation requiring our second century old veterans service organization to be fully supporting of our men and women in uniform as well as their families. This pledge is acutely true for those who have sacrificed a large portion of their life in service to our country.

Senate Bill 211, as its predecessors before it, eliminates taxing on the retirement income for those persons who have served a career in the U. S. military.

Support for this measure by this committee will have multiple positive effects. It will provide a stimulus to those exiting the services to reside in Maryland creating an addition to the tax base not only of the retiring service member but the adult members in his or her family as well.

Successful passage will enable employers to have a greater selection of persons needed to fill job vacancies, particularly in the defense contract community where security clearances are necessary to employment. Departing personnel who have such documentation can easily step into a new career without the expense and time constraints for an employer or a job candidate must endure.

Finally, Senate Bill 211 will show the service man or woman that Maryland Cares! This bill can put substantive meaning behind the often-used phrase, “thank you for your service.”

Statement of Support
Senate Bill 0211
January 22, 2020

In closing, The American Legion's over 40,000 Maryland members ask the Senate Budget and Taxation Committee to offer a favorable report on Senate Bill 211 and commend Senator Salling for introducing this bill and the other Senate sponsors for supporting this vital measure.

Respectfully, yours

Patrick Guibao

Patrick J. Guibao
Chair
THE AMERICAN LEGION
Department of Maryland
Legislative Commission

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1ST READING

REFERRAL TO COMMITTEE & 2ND READING

3RD READING

1ST READING

REFERRAL TO COMMITTEE & 2ND READING

3RD READING

Passed Both Chambers

REVIEW IN ORIGINAL CHAMBER

CONFERENCE COMMITTEE (IF NECESSARY)

TO GOVERNOR

Title	Income Tax - Subtraction Modification - Military Retirement Income
Sponsored by	Senators Salling , Bailey , Carozza , Cassilly , Eckardt , Edwards , Ellis , Gallion , Hershey , Hough , Jennings , King , Klausmeier , Peters , Ready , Reilly , Serafini , Simonaire , Smith , West , and Young
Status	In the Senate - Hearing 1/22 at 1:00 p.m.
Analysis	Fiscal and Policy Note
Synopsis	Altering the maximum amount of a subtraction modification under the Maryland income tax for certain military retirement income for certain taxable years; removing a certain limitation on the subtraction modification for taxable years beginning after December 31, 2022; etc.
Committees	Original: Budget and Taxation
Details	Introduced in a prior session as: SB0294 Session: 2019 Regular Session Bill File Type: Regular Effective Date(s): July 1, 2020
History	⌵
File Code	⌵
Subjects	⌵
Statutes	⌵

Last Updated: 1/21/2020 3:49 PM

Synopsis Altering the maximum amount of a subtraction modification under the Maryland income tax for certain military retirement income for certain taxable years; removing a certain limitation on the subtraction modification for taxable years beginning after December 31, 2022; etc.

Committees Original:
[Budget and Taxation](#)

Details Introduced in a prior session as: [SB0294](#) Session: 2019 Regular Session
 Bill File Type: Regular
 Effective Date(s): July 1, 2020

History [^](#)

Chamber	Calendar Date	Legislative Date	Action	Proceedings
Senate	1/16/2020	1/16/2020	First Reading Budget and Taxation	Text - First - Income Tax - Subtraction Modification - Military Retirement Income
Senate	1/17/2020	1/17/2020	Hearing 1/22 at 1:00 p.m.	

File Code [v](#)
Subjects [v](#)
Statutes [v](#)

Last Updated: 1/21/2020 3:49 PM



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Title Income Tax - Subtraction Modification - Military Retirement Income

Sponsored by Senators [Salling](#), [Bailey](#), [Carozza](#), [Cassilly](#), [Eckardt](#), [Edwards](#), [Ellis](#), [Gallion](#), [Hershey](#), [Hough](#), [Jennings](#), [King](#), [Klausmeier](#), [Peters](#), [Ready](#), [Reilly](#), [Serafini](#), [Simonaire](#), [Smith](#), [West](#), and [Young](#)

Status In the Senate - Hearing 1/22 at 1:00 p.m.

Analysis [Fiscal and Policy Note](#)

SB 211 CHART

Uploaded by: Senator Salling, Senator Salling

Position: FAV

INCOME TAX SUBTRACTION MILITARY RETIREMENT INCOME

CURRENT LAW
TAX - GENERAL
SEC. 10-207(q) and following

PROPOSED SB 211

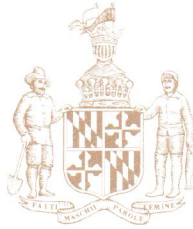
	2020	2020
** under 55, first \$5k subtracted	** follow current law	
** 55 or over, first \$15k subtracted		
		2021
	** no age restriction	
	** subtract greater of first \$15k or 50% military retirement income	
		2022
	** no age restriction	
	** subtract greater of first \$15k or 75% military retirement income	
		2023
	** no age restriction	
	** subtract 100% military retirement income	

SB 211 LETTER TO CHAIR

Uploaded by: Senator Salling, Senator Salling

Position: FAV

JOHNNY RAY SALLING
Legislative District 6
Baltimore County



James Senate Office Building
11 Bladen Street, Room 416
Annapolis, Maryland 21401
410-841-3587 · 301-858-3587
800-492-7122 Ext. 3587
JohnnyRay.Salling@senate.state.md.us

Budget and Taxation Committee
Health and Human Services Subcommittee

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

January 21, 2020

SB 211: Income Tax - Subtraction Modification - Military Retirement Income
POSITION: FAVORABLE

Dear Chair, Vice Chair and Committee Members,

Thank you for allowing me the opportunity to testify in favor of Senate Bill 211, which would alter the existing military retirement income tax by using a phase-in methodology, ultimately resulting in tax-free military retirement income for military retirees who reside in Maryland.

Our state is currently missing out on the opportunity to retain veterans as residents because of high costs of living and a lack of benefits for military retirees. While many veterans opt to work in Maryland, specifically within the cyber security community, they are taking those earnings home to a different state. Many people who are working within these sectors are commuting to and from our neighboring states, like Pennsylvania and West Virginia, that do not tax military retirement income. With many of these commutes only taking about an hour, veterans are choosing the most financially astute way to make their retirement income stretch: work in Maryland, live in a neighboring state.

As a former member of the United States Army, I want military retirees to be able to afford to live where they work, which would be a benefit to both veterans and Maryland's economy. Please assist me in reaching this goal by voting favorably on SB211.

Thank you,

A handwritten signature in red ink that reads "Johnny Ray Salling".

Johnny Ray Salling

SB 211 SUPPORT AMERICAN LEGION

Uploaded by: Senator Salling, Senator Salling

Position: FAV



THE AMERICAN LEGION
Department of Maryland
Legislative Committee

1020 Wallace Road
Crownsville MD 21032-1318

443.949.6322
patguibao@icloud.com

**ENDORSEMENT IN SUPPORT OF SENATE BILL 211 INCOME TAX –
SUBTRACTION MODIFICATION – MILITARY RETIREMENT INCOME**

Chair Guzzone, Vice Chair Rosapepe and distinguished members of the Senate Budget and Taxation Committee.

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Support for this measure by this committee will have multiple positive effects. It will provide a stimulus to those exiting the services to reside in Maryland creating an addition to the tax base not only of the retiring service member but the adult members in his or her family as well.

Successful passage will enable employers to have a greater selection of persons needed to fill job vacancies, particularly in the defense contract community where security clearances are necessary to employment. Departing personnel who have such documentation can easily step into a new career without the expense and time constraints for an employer or a job candidate must endure.

Finally, Senate Bill 211 will show the service man or woman that Maryland Cares! This bill can put substantive meaning behind the often-used phrase, “thank you for your service.”

Statement of Support
Senate Bill 0211
January 22, 2020

In closing, The American Legion's over 40,000 Maryland members ask the Senate Budget and Taxation Committee to offer a favorable report on Senate Bill 211 and commend Senator Salling for introducing this bill and the other Senate sponsors for supporting this vital measure.

Respectfully, yours

Patrick Guibao

Patrick J. Guibao
Chair
THE AMERICAN LEGION
Department of Maryland
Legislative Commission

SB 211 SUPPORT MD DEPT OF VET AFFAIRS

Uploaded by: Senator Salling, Senator Salling

Position: FAV



Maryland Department of Veterans Affairs

Office of the Secretary

LARRY HOGAN
GOVERNOR

BOYD K. RUTHERFORD
LT. GOVERNOR

GEORGE W. OWINGS III
SECRETARY

January 21, 2020

Chairman Guzzone, Vice-Chair Rosapepe, Members of the Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, MD 21401

SB 211 - Income Tax - Subtraction Modification - Military Retirement Income

POSITION: SUPPORT

Chair Guzzone, Vice-Chair Rosapepe, Members of the Budget and Taxation Committee:

The Maryland Department of Veterans Affairs supports Senate Bill 211 - Income Tax - Subtraction Modification - Military Retirement Income, legislation that would fully exempt military retirement income from state income tax.

Senate Bill 211 will make Maryland more competitive in attracting military retirees to live, work and raise families in our State. At least seventeen states do not tax military retirement, including nearby states like Pennsylvania, New Jersey, New York, Ohio and West Virginia. Many other states, including nearby states such as North Carolina and South Carolina, offer tax exemptions that provide greater tax relief to many military retirees than Maryland's current law.

Not only is this the right thing to do for our military veterans, exempting military retirement income will make Maryland more attractive for veterans who bring economic value to Maryland. The education, skills, and training our military members gain during their service are in demand by civilian employers and often military retirees will put these skills to use in the private sector upon retirement.

The Administration has introduced similar legislation to exempt military retirement income from state taxes and looks forward to discussing it with the Committee.

The Department appreciates the leadership and commitment of the bill sponsor, this Committee and the General Assembly in providing these hard-earned benefits to our military retirees and looks forward to continuing to work together to expand the subtraction modification. The Department respectfully requests a favorable report on Senate Bill 211.

THE WINELAND BUILDING, FOURTH FLOOR
16 FRANCIS STREET, ANNAPOLIS, MARYLAND 21401
TOLL FREE: 866-793-1577 • ANNAPOLIS: 410-260-3838 • FAX: 410-216-7928
veterans.maryland.gov
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SB 211 SUPPORT MD MILITARY COALITION

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Position: FAV



MARYLAND MILITARY COALITION

SENATE BILL 211 – SUPPORT

Senate Bill 211 – Income Tax - Subtraction Modification - Military Retirement Income
Senate Budget and Taxation Committee
January 22, 2020

The Maryland Military Coalition is a **nonprofit, all volunteer, Veterans advocacy group** representing the interests of Maryland Veterans, Service members, and their Families. Our alliance consists of sixteen organizations, listed on the following page, with over 100,000 members. We represent about one-fourth of Maryland's Veterans, Service members, and their Families.

The Maryland Military Coalition **supports Senate Bill 211.**

The Maryland Military Coalition believes that our military retirees deserve to receive their retirement income free from state taxation. Dozens of other states agree, including neighboring West Virginia and Pennsylvania.

This legislation will also serve as a catalyst for Maryland's defense industry, which loses thousands of jobs each year due to lack of qualified candidates. **An influx of newly retired Service members, seeking second careers, could fill most, if not all, of these jobs.**

According to the recent study by Towson University's Regional Economic Studies Institute, each year, Maryland's defense industry faces a shortage of 7,000 skilled workers. My review of sixty recent defense job postings noted a mean income of \$87,000. What could that mean to Maryland?

- 7,000 jobs filled at that mean income yields \$609 million in individual income
- At Maryland's 10.9% state-local tax burden, that yields over \$66 million in tax revenue

Based on Towson's report, each military retiree household creates additional jobs, economic output, employment compensation, and state and local taxes. Using Towson's figures, if those 7,000 jobs were filled by newly arrived military retirees, creating 7,000 additional military retiree households, it would generate:

- 5,110 additional jobs
- Over \$800 million in additional output
- Over \$230 million in additional employment compensation, and
- Over \$52 million in additional state and local taxes

Senate Bill 211 increases the retirement security of military retirees no longer working.

It will also attract new generations of military retirees who will keep Maryland's defense industry vibrant, generate significant economic growth, and help ensure the survivability of Maryland's military bases in the event of another base closure and realignment effort.

We respectfully request a favorable report for Senate Bill 211.

For questions or additional information, please feel free to contact me at
BTSmith1184@outlook.com or by calling 703.623.3678

Member Organizations, Maryland Military Coalition

James P. Monahan
Air Force Sergeants Association

Stacy P. May
American Military Society

Lynn A. Nash
Commissioned Officers Association of the
US Public Health Service

Wilbert B. Forbes
Disabled American Veterans

Sheldon Goldberg
Distinguished Flying Cross Association

Pleasala J. Collins
Fleet Reserve Association

Evan A. Buttrick
Jewish War Veterans of the USA

Steve L. Bloodgood
Maryland Air National Guard Retirees'
Association

Harvey Kaplan
Military Officers Association of America

Charles Egbert
Military Order of the Purple Heart

Mervyn Rice
National Association for Black Veterans

Michael P. Hays
Naval Enlisted Reserve Association

Christian Andreasen
NOAA Association of Commissioned Officers

Catherine L. McGraw
Society of Military Widows

Arthur L. Cooper
The Retired Enlisted Association

Thomas C. Williams
Veterans of Foreign Wars

BaltimoreCounty_UNF_SB211

Uploaded by: Beller, Joel

Position: UNF



JOHN A. OLSZEWSKI, JR.
County Executive

CHARLES R. CONNER III, ESQ.
Chief Legislative Officer

KIMBERLY S. ROUTSON
Deputy Legislative Officer

JOEL N. BELLER
Assistant Legislative Officer

BILL NO.: **SB 211**

TITLE: Income Tax - Subtraction Modification - Military Retirement
Income

SPONSOR: Senator Salling

COMMITTEE: Budget and Taxation

POSITION: **OPPOSE**

DATE: January 22, 2020

Baltimore County **OPPOSES** Senate Bill 211 – Income Tax - Subtraction Modification - Military Retirement Income. This bill expands the existing military retirement income tax subtraction modification by exempting 100% of military retirement income from State taxation.

This bill will have a significant fiscal impact on both the State and local jurisdictions. The Department of Legislative Services estimates that the State’s General fund revenues will decrease by \$18.4 million in FY22, and that local revenues will decrease by \$12.0 million in FY22 and by \$18.5 million in FY25.

If Baltimore County were to lose its portion of these revenues, the County would be placed in a difficult financial position. These revenues fund the services that meet the needs and priorities of Baltimore County residents. A large reduction in revenues would affect the County’s ability to fully fund the Baltimore County School System, our public safety personnel, and the dozens of agencies that maintain Baltimore County’s infrastructure and quality of life.

Accordingly, Baltimore County requests an **UNFAVORABLE** report on SB 211. For more information, please contact Chuck Conner, Chief Legislative Officer, at 443-900-6582.