

***FRATERNAL ORDER of DETENTION
CENTER OFFICERS and PERSONNEL***

***P.O. BOX 6645
Annapolis, MD 21401***

Testimony In Support of Senate Bill 0269
Income Tax-Subtraction Modification-Correctional Officers, Law Enforcement Officers,
and Fire, Rescue, and Emergency Services Personnel (Hometown Heroes Act)
5 February, 2020

To: The Honorable Chair: Senator Guy Guzzone, and Members of the Senate Budget and Taxation Committee
From: Dale Waldroff: Legislative Director - Fraternal Order of Anne Arundel County Detention Center Officers
& Personnel – (FODCOP)

Dear Chair Guzzone and Members of the Senate Budget and Taxation Committee,

As a Correctional Officer, a Union Member and a Union Leader in Anne Arundel County, I rise to ask that you support this piece of positive legislation, The Hometown Heroes Act. Far too few of my fellow Officers can afford to live in the very County that they work. Some must even live outside of our state's borders. Even fewer of these Officers work a full term to be eligible for a retirement check. Of those that do retire, the great majority move out of the Great State of Maryland. They move mainly because of Maryland's tax rate. If you add in the other 22 counties as well as those correctional

Maryland has a tax rate ranging from 2 percent up to 5.75 percent for those making \$250,001 or higher. The majority of those affected by House Bill 61 would fall in the 4.75 bracket with some senior ranks possibly falling in the 5 percent bracket. In addition to the state income tax, each of Maryland's twenty-three counties and Baltimore City levy additional income taxes ranging from 1.75 percent to 3.20 percent of taxable income. The average is approximately 2.9 percent.

Senate Bill 269 would help retain many of those retirement eligible officers who are considering leaving our state for states with a better tax rate. As a transplant from Western North Carolina, I recognize that Maryland is a beautiful and bountiful state that has so much to offer its citizens. From beaches to mountains, state of the art medical facilities to technological advancement in sciences, schools, colleges, and universities that can rival practically anywhere in the world. These are all part of what makes Maryland so great to live and work in.

However, it is the taxation from both the state and local municipality that drive so many of our retirement eligible officers out of state. By retaining those retirees, the state is also retaining the families of those retirees. This means that those family members who work in the state, to include many of the retirees who pick up secondary employment, are paying income tax on those wages. On top of that they will be paying taxes on Property and Real Estate, Capital Gains, Estate Entertainment, Excise Taxes not including the various User Fees.

I recognize that as a legislator, you must look at the front end and consider what the cost of gradually making pensions for correctional officer's state income tax free by the year 2022 will be. I would surmise that it is a large number to look at. I would also ask you consider what the state would be gaining on the back end when more people choose to stay here in the state. They and their families would pay taxes that would otherwise be spent elsewhere in other states.

According to the Fiscal and Policy Note that was submitted on 3 February, 2020; the impact to state revenue would reflect a decrease of \$6.6 Million and a decrease to local revenue of \$4.4 Million with either minimal to no impact on small business.

What is not reflected within the fiscal and policy note? What is the impact on both the State and the Local revenues, when one subtracts the combined taxes and money that would otherwise be spent by the retiree and their family when they leave Maryland for other tax friendly states such as Florida or Tennessee where there is No State Income Tax?

Senate Bill 269 will only help our state and our correctional officers as well as the institutions they serve when one considers the retention issues faced by the State Department of Corrections and each of the county's correctional facilities. As a proud Correctional Officer and as a leader of correctional officers, Me and my members are **In Full SUPPORT** of the Income Tax-Subtraction Modification-Correctional Officers, Law Enforcement Officers, and Fire, Rescue, and Emergency Services Personnel (Hometown Heroes Act).

I ask you to support Senate Bill 269.

Thank You,

Dale A. Waldroff

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