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Senate Bill 278 – Retirement Tax Reduction Act of 2020

SUPPORT

Senate Budget and Taxation Committee February 5, 2020

Testimony By: Mathew Palmer, Deputy Legislative Officer

PURPOSE OF BILL

This legislation would exempt the first \$50,000 of income from taxation for all retirees with less than \$100,000 of federal adjusted gross income. This will be phased-in over 5 years, starting in FY 2022.

COMMENTS

The Hogan Administration is very concerned with the ability of our retirees to make ends meet on a fixed income and this legislation would provide a much needed tax exemption on retirement income for those retirees needing it the most. These Marylanders have worked hard, and have children and grandchildren who they want to remain close to. However, they are facing the prospect of moving out of the state to Pennsylvania, Tennessee, or Florida to reduce or eliminate their income tax burden, so that they can ensure that their retirement savings will carry them through their remaining years.

Recent surveys have found that Maryland ranks as one of the worst states for retirees for multiple reasons, however, affordability and tax climate are the two largest factors. This bill will allow more Maryland retirees to keep their hard earned retirement income, and allow them to stay in our state, enjoying their retirement years with their family. It is important to allow Maryland retirees to continue to contribute to our communities and our economy, rather than chase them out of state with high income taxes, simply because they need to weigh their ability to continue to live comfortably on their retirement savings they have put away.

The Hogan Administration thanks the Committee for your time and hope that we can work together to pass this legislation, so that we can help remove the burden of high income taxes from our retirees and we can keep them in Maryland with their families and contributing to our communities and our economy.

