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February 21, 2020

Honorable Anne R. Kaiser, Chair House Ways and Means Committee Room 130 House Office Building Annapolis, MD 21401

RE: House Bill 371 - Subtraction Modification – Military Retirement Income – Favorable

Dear Chairman Kaiser and Members of the Ways & Means Committee,

On behalf of the Army Alliance, I am pleased to support the referenced legislation.

The Army Alliance is a nonprofit advocacy organization whose sole mission is to provide support for one of our major military installations in the State – the Aberdeen Proving Ground (APG). From its founding in 1917, APG has grown into the central research facility for the United States Army. One of 12 such military installations in our state, APG is also the largest employer in northeastern, Maryland.

As a major employer, APG has a unique challenge. It faces the issues all employers face in our information-based economy, which is securing a steady flow of qualified workers to carry out its mission. In addition to its need for a highly qualified workforce, for national security reasons, APG also requires workers who possess an active security clearance. These workers are often military retirees. APG and our other military installations face a future shortage of these individuals, and one way to address that shortage is to encourage military retirees with security clearances to locate in Maryland.

HB 371 is intended to make progress toward that goal. Maryland competes with other states, such as Pennsylvania, that exempt military retirement income from personal income taxation. It is in our State's interest, since APG and other military installations can offer high-paying, quality employment to certain military retirees, to provide appropriate incentives for those retirees to live in Maryland. Indeed, since the defense industry is collectively the largest employer in the State, securing more qualified workers for this essential source of employment is a logical public policy choice for our legislature to make.

Respectfully, therefore, the Army Alliance requests a favorable report on House Bill 371.

Very truly yours,

Jugan to ham

Bryson F. Popham

cc: Tom Albro, President, Army Alliance Jill McClune, Past President, Army Alliance