2021 SB370 - IncomeTaxSubtractionModification-Mili

Uploaded by: consoli, angelo

Position: FAV

Maryland State Lodge
FRATERNAL ORDER OF POLICE
8302 COVE ROAD, BALTIMORE, MD 21222

CLYDE BOATWRIGHT
STATE PRESIDENT

KENNY SCHUBERT
SECRETARY
EARL KRATSCH
TREASURER

January 29, 2021

SB 370 - Income Tax Subtraction Modification – Military and Public Safety Retirement Income

Dear Chairman Guzzone and Distinguished Members of the Budget and Taxation Committee,

The Maryland State Fraternal Order of Police **SUPPORTS** Senate Bill 370 - **Income Tax Subtraction Modification – Military and Public Safety Retirement Income.**

Along with other deserved positive changes that SB370 will do for other Public Safety and Military Retirees, this Bill will provide an increase to the allowed amount that can be subtracted from the federal adjusted gross income for a retired Law Enforcement Officer's Retirement Income. The enactment of SB370 would create a modest increase for our members from the current $15,000 to the new limit of $20,000. A **FAVORABLE** vote on SB370 would continue to show the support of the State of Maryland to its Public Safety and Military retirees and further incentivize them to maintain their residence in the State of Maryland. Currently, due to retirement tax incentives of some of our surrounding states, officers frequently change residency to locations outside of Maryland after retirement in order to take advantage of the lower taxes applied to their retirement income. This Bill will go a long way towards continuing to encourage our Police Officers who have worked their entire career in Maryland to continue to reside here after their retirement.

On behalf of the more than 20,000 Courageous Men and Women of the Maryland Fraternal Order of Police we thank you for your support and ask for your **FAVORABLE** vote on **Senate Bill 370 - Income Tax Subtraction Modification – Military and Public Safety Retirement Income**.

Angelo L. Consoli Jr,
2nd Vice President, FOP, Maryland State Lodge
President, FOP Lodge 89, Prince George's County

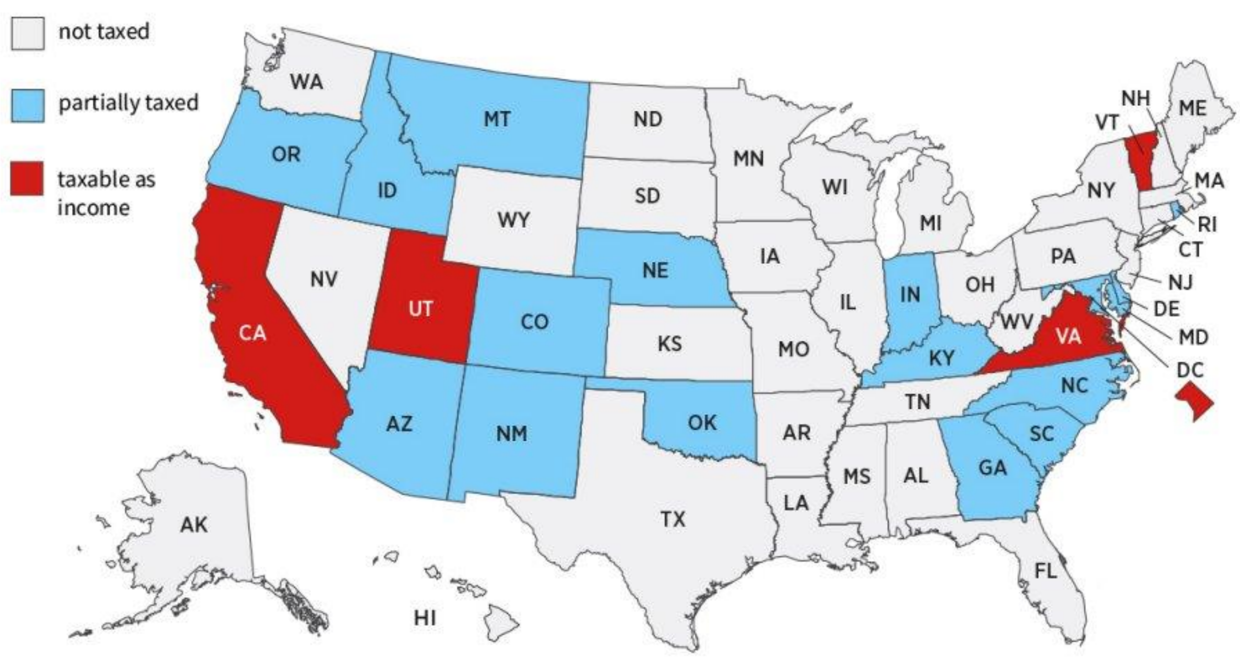
SB 370.pdf
Uploaded by: Spiegel, Jayson
Position: FAV

Statement of Jayson L. Spiegel
In Support of SB370
Income Tax Subtraction Modification – Military and Public Safety Retirement Income
February 2, 2021

My name is Jayson Spiegel. I am a Gaithersburg resident and retired after 28 years commissioned service in the Army and Army Reserve. I am a former Executive Director of the Reserve Officers Association of America and Deputy Assistant Secretary of the Army for Manpower and Reserve Affairs. I am responsible for social media activities of the Maryland Democratic Party Veterans Leadership Council. I am speaking in my personal capacity. Full disclosure - as a military retiree over age 55, I would be among those to benefit from this bill.

I urge the Senate to pass SB 370, which increases the subtraction modification for military and first responder retirement. Expanding the subtraction modification will make Maryland a more desirable place to live for military retirees. It will also encourage retirees to remain in Maryland after age 55, as they begin to contemplate life after completely leaving the workforce.

A majority of states do not tax military retirement. According to the American Association of Retired Persons, 21 states exempt military retirement pay from state income taxes, and nine have no state income tax. Our neighbors in Pennsylvania and West Virginia do not tax retirement pay. Sixteen states have a partial exemption for military retirement income, including Maryland. Four states plus the District of Columbia tax all military retirement pay as income.



Source: Wolters Kluwer Tax & Accounting, and state departments of revenue

https://www.aarp.org/money/taxes/info-2020/states-that-tax-military-retirement-pay.html

As the map shows, a majority of states have exempted military retirement income from taxation, positioning them as potentially more desirable retirement locations than Maryland.

Accordingly, expanding the income tax subtraction not only benefits Maryland retired veterans and first responders, it also benefits the state. The bill incentivizes newly retired veterans to move to Maryland and incentivizes veterans and first responders to remain in Maryland. Their spending and benefits local businesses and their knowledge and experience benefits prospective employers and communities.

I want to thank Senator Peters for his leadership on this issue and urge the passage of SB370.

Thank you.

SB0370-BT_MACo_OPP.pdf

Uploaded by: Kinnally, Kevin

Position: UNF

MARYLAND Association of COUNTIES

Senate Bill 370

Income Tax Subtraction Modification – Military and Public Safety Retirement Income

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: February 2, 2021

From: Kevin Kinnally

Tax Incentives and Local Government Autonomy

The swift and unprecedented shock of the COVID-19 public health crisis has wreaked havoc on the economy. As the focus shifts to restoring our state and local economies in a manner that is safe, equitable, and prosperous for all, counties are eager and committed partners in promoting economic growth and creating opportunity – we prefer local autonomy in determining the best way locally.

The Maryland Association of Counties (MACo) opposes state-mandated reductions in local revenue sources, but welcomes tools to grant counties options and flexibility to pursue their own parallel tax incentives, or to develop others to suit their local needs.

The General Assembly routinely considers proposals to change tax structures, often seeking to stimulate economic growth, encourage beneficial activities, or attract and retain residents. These proposals often are focused exclusively on the state's tax structure, but sometimes extend to local revenues as well.

In general, MACo stands for local self-determination. Counties, led by their elected leaders who are directly accountable within the community, are in the best position to make decisions on local affairs – ranging from land use to budget priorities. MACo steadfastly guards this local autonomy, and frequently advocates against statewide solutions that mandate county compliance or otherwise override local decision-making.

Property taxes show the best collaborative way to enact targeted tax relief. The State and its local governments already work together here – where the State routinely grants a state-level tax credit, but then enables county governments to enact their own as a local option.

State proposals that involve local revenue sources can be enacted as "local option" offerings, to allow counties maximum flexibility to achieve local goals.

MACo urges the Committee to primarily consider state income tax credits as the best means to incorporate local tax relief as part of a broader policy. MACo and county governments hope the Committee finds these comments helpful. Counties stand ready to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but resist state-mandated changes that preclude local input.