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.