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SB 572 Retirement Tax Reduction Act of 2021

Senate Budget & Taxation Committee
February 10, 2021

Keiffer Mitchell, Chief Legislative Officer
Alexandra Keane, Deputy Legislative Officer

Chair Guzzone, Vice-Chair Rosapepe, and Members of the Senate Budget & Taxation Committee:

The Governor asks for your favorable report on Senate Bill 571 - Retirement Tax Reduction Act of 2021. Senate Bill 572 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 2023.

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 reduce 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 the 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 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.

