

Favorable Testimony HB0864

HB0864: Income Tax- Subtraction Modification- Military Retirement Income

Good Afternoon Senator Guzzone, Vice Chair Rosapepe and honorable members of the Budget and Taxation Committee. I am Delegate Nick Charles and I thank you for taking the time to consider House Bill: 0864 – Income Tax-Subtraction Modification – Military Retirement Income. This bill serves as a catalyst to help our most vulnerable veterans; those who gave so much of their life to this country and this State and are now 100% Disabled with a rating from the United States Department of Veteran Affairs. This bill would create tax savings for a retired military veteran who has this 100% disability rating from the VA. Under current law the first \$15,000 of military retirement income for a veteran who is at least 55 years old can be written off on their taxes.

If this passes when a veteran meets the profile of being retired and 100% disabled from the VA, they would be able to write off the first \$30,000 of their retirement income. According to the Federal Bureau of Labor Statistics, there are only approximately 700 veterans who classify as 100% service-connected disability in our state. Seeing that this bill affects both veterans who are 100% service disabled and who are retired, it is predicted that less than 700 veterans will receive the increased subtraction modification. Although this bill affects a small subset group of people, these people not only need this tax break, but deserve it. Not every veteran is retired from military service and not every veteran has a 100% disability rating from the United States Veteran Affairs. So, the impact is limited on the state. Additionally, these Veterans are spending their money on essentials, such as food and shelter; therefore, the money not collected in taxes will be immediately in local economies, benefiting our State

Thank you for taking the time to hear this critical piece of legislation. I encourage a favorable report to be adopted for HB0864, as this is a small step Maryland can take to repay the immense sacrifices of our Veterans.

Sincerely,

Nick Charles

Maryland State Delegate- District 25