Testimony of Paul Schwartz, NARFE
Before House Ways & Means Committee
Senate Bill 405 – Retirement Tax Elimination Act of 2022
February 23, 2022

Good afternoon. My name is Paul Schwartz and I am the Chair of the State Legislation Committee for the Maryland Federation of NARFE, the National Active and Retired Federal Employees Association and the more than 300,000 Federal employees and annuitants living in Maryland that NARFE represents.

We strongly support passage of SB 405 and let me tell you why:

–Senior migration to more tax friendly states is a real issue and should be a real concern to you and Maryland's economy.

–Retirees may retire to Florida for the weather, but they do not retire to Delaware or Pennsylvania for the weather

–In Bankrate's July 2021 study, Maryland ranked last of the 50 states as the worst place to which to retire

–This mirrors a similar study by Moneywise Magazine in 2020 which also placed Maryland dead last

–This should not be too surprising since according to a March 2021 study in Wallet Hub, Maryland has the third highest personal income tax burden of all the states

–When Marylanders retire elsewhere, they take their tax money, buying power and community service with them

–The story of a recently retired military couple was shared with me. They had two military pensions plus social security, moved from Waldorf Maryland to Gettysburg Pennsylvania and saved $24,000.

–According to the latest Census data, Maryland lost population between 2020 and 2021 because of what they called out-migration (after accounting for births and deaths)

–According to the latest annual United Van Lines National Movers Survey, 28% of those leaving Maryland cited retirement as a reason

–It should be noted that, in addition to the revenue that seniors generate, overall population also impacts receipt of federal grants and even the number of representatives we have in Congress

–With Maryland's own General Assembly's Spending Affordability Committee now projecting a historic budget surplus of $4.1 billion at the close of fiscal 2022 (and with "structural surpluses" projected through 2027), now is the time to provide Marylanders with meaningful tax relief, tax relief that has been necessitated by the federal tax plan passed in December 2017 and eliminated or reduced so many of the middle class tax deductions