



Annapolis Chapter  
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Chair Guzzone and distinguished members of the Budget and Taxation Committee

My name is Tom Jurkowsky. I'm a retired rear admiral in the U.S. Navy who served on active duty for 31 years as both an enlisted man and officer. I have lived in Annapolis for 28 years, serve on the board of directors of the Military Officers Association of America (MOAA) and I'm a member of the Annapolis Chapter. I'm here today to testify in support of SB 130, Income Tax Subtraction Modification -- Military and Public Retirement Income, sponsored by Senator Jackson.

I have chosen to remain in the state, despite its high taxes. Many of those whom I've served with in the Navy—both officer and enlisted—have chosen not to live in Maryland because of those taxes. Unfortunately, they deprived many Maryland companies and organizations a range of professional and leadership skills.

The reason they moved or chose to live in other states is that their new states did not tax military pensions. They found excellent jobs and very comfortable lifestyles. With these new jobs and income, they pay the required state income tax, of course, and generate more income for their new state. Additionally, businesses in their new states benefit from the economic activity they create—groceries, rent, mortgage payments and recreational spending, for example.

A [study](#) done by Towson University's Regional Economic Studies Institute found that when a military retiree reenters the workforce, his or her household sustains nearly \$115,000 annually in economic activity and supports their new state with \$7550 in state and local tax revenues.

Virtually all military retirees must find a second career after leaving the service. Military pensions alone will not support a retiree and his or her family. So why not keep those people in Maryland? There are currently 35 states that fully exempt military pensions from taxation, including nearby West Virginia, Pennsylvania and New Jersey that allow workers to live in those states and commute into Maryland to high-paying jobs without having to pay income or property taxes. Several others are moving towards it, including Delaware.

The Towson study also found there are an extraordinary number of defense related jobs in Maryland. In fact, the defense industry represents more than 15 percent of the state's GDP and faced a shortage of more than 7000 qualified workers. With the pandemic these numbers are even higher, especially when coupled with state government vacancies that are at an all-time high.

The Towson study reaffirms an earlier study that the General Assembly directed several years ago to study the financial impact of retired military personnel on the Maryland economy. That report said: "...if Maryland does not exempt military retirement pay from state and local income taxes...countless others [retired service members] will opt to move to military retiree-friendly states."

Please consider legislation that will encourage military-retired personnel to remain or come to Maryland. I ask that you return a **FAVORABLE** report on SB 130 - *Income Tax Subtraction Modification -- Military and Public Retirement Income*. Thank you, Senator Jackson, for your continued support of Maryland veterans and their families.

Thank you.

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