



Maryland Council of Chapters  
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February 23, 2022

The Honorable Guy Guzzone  
Chairman, Budget and Taxation Committee  
Maryland Senate  
3 West Miller Senate Office Building 11 Bladen Street  
Annapolis MD 21401-1912

As a member of the MOAA MD Council of Chapters, where I serve as the Spouse and Surviving Spouse Liaison, and as a past President of the NOAA Corps Officers Family Association, I write to strongly recommend a **FAVORABLE** report by the Committee for **SB 130, Income Tax Subtraction Modification -- Military and Public Retirement Income** sponsored by Senator Jackson.

My name is Cheryl Glang. I am a spouse of a retired Admiral of the NOAA Corps, the smallest of the 8 uniformed services. NOAA's headquarters is in Silver Spring, MD and many of our officers assigned there live in Maryland. Some will call Maryland home once they retire and may even seek second careers in the government or the private sector.

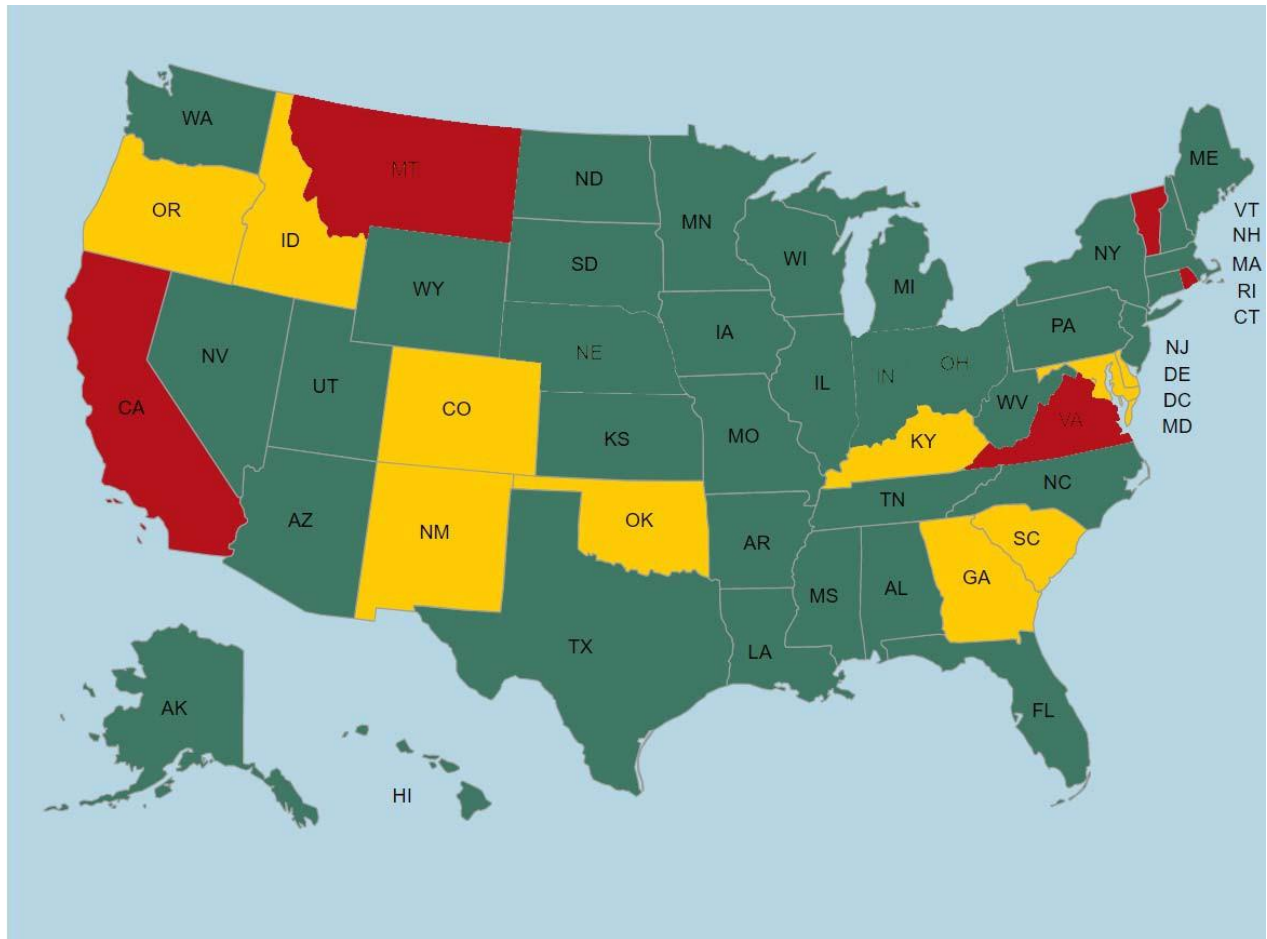
Each year more states offer full retirement pay exemptions and with current trends where remote work options are increasingly becoming permanent this leaves Maryland an even less desirable retirement state for our NOAA Corps retirees and their spouses. **Thirty-five states fully exempt military retired income** from taxation, as well as Survivor Benefit benefits for survival spouses. For more than two decades, MOAA and other service-related organizations in the state, have been advocating for legislative action to help make the state a more desirable retirement destination for retirees, their spouses, and families. **SB103** is an incremental step in the right direction.

Senator Jackson's bill, SB130, makes the next logical incremental step toward the ultimate 100% objective. **The MOAA Maryland Council will, and does, support any legislation which advances the income tax subtraction for military retired pay.** As you consider the many similar bills on this topic in this session, please advance SB130 in the legislative process by giving it a **FAVORABLE** report out of the Budget and Taxation Committee.

Respectfully,

Cheryl Glang  
MOAA Council of Chapters  
Spouse and Surviving Spouse Liaison  
District 4

# States that DO NOT Tax Military Retired Pay



**Green:** Both military retired pay (MRP) and Survivor Benefit Plan payments (SBP) are fully exempt from state taxation.

**Yellow:** MRP and/or SBP receive partial exemption from state taxation.

**Red:** Neither MRP nor SBP is exempt from state taxation



## MARYLAND MILITARY COALITION

### UPDATED JANUARY 2022 LISTINGS

#### The 50 States and Uniformed Services Retired Pay

As of January 30, 2022, **35 of the 50** states do not tax military retirement pay, and that figure includes the 9 states, marked with asterisks below (\*), without any personal income tax:

1. Alabama ‡	19. <b>NEW</b> Nebraska (joining in 2022)
2. Alaska *	20. Nevada *
3. <b>NEW</b> Arizona ☑ ‡ (2021)	21. New Hampshire *
4. Arkansas ☑ ‡	22. New Jersey ‡ (\$6K Vet ded)
5. Connecticut ‡	23. New York ☑ ‡
6. Florida *	24. <b>NEW</b> North Carolina ‡ (as of 2021)
7. Hawaii ‡	25. North Dakota ‡ (2019)
8. Illinois ☑ ‡	26. Ohio ‡
9. Indiana ‡ (2019)	27. Pennsylvania ‡
10. Iowa ☑ ‡	28. South Dakota*
11. Kansas ‡	29. Tennessee*
12. Louisiana ‡	30. Texas*
13. Maine ‡	31. <b>NEW</b> Utah ‡ (2021)
14. Massachusetts ‡	32. Washington*
15. Michigan ☑ ‡	33. West Virginia ‡
16. Minnesota ☑ ‡	34. Wisconsin ‡
17. Mississippi ‡	35. Wyoming*
18. Missouri ☑ ‡	

\* No personal income tax

☑ Active Duty pay included

‡ SBP= Military Survivor Benefit Plan. Insurance on up to ½ of the military retirees “pension” receive monthly upon the death of the sponsor.

Eleven (11) states and the District of Columbia currently tax a portion of a retiree’s annual Retired Pay and, in the interest of brevity, only a short explanation of key special provisions is included here (consult individual state tax codes for full details):

**Colorado** – Adjustments vary by age of retiree, up to a \$24,000, exemption, includes SBP

**Delaware** – Some age-based exclusions apply. Under 60 \$2,000; 60 years of age or older are entitled to a pension exclusion of up to \$12,500

**District of Columbia** – Exemption of up to \$3,000 available if 62 and older.

**Georgia** – Income is adjusted based on age. Exclusion up to \$35,000 between 62 and 64 years *or* disabled; and, \$65,000 over 65. Some property tax exemptions are available.

**Idaho** – \$36,132 of retirement income (\$54,198 for joint filers) may be exempt if 65 and over (or 62 and over and disabled

**Kentucky** –Retirees prior to 1997 are 100% exempt; later retirees have an exemption up to \$31,110. Additional exclusions may be available.

**Maryland: Current Status**— The Subtraction from Maryland Income is NOT a tax exemption; it is limited to \$5,000 below age 55, and then \$15,000 for retirees over the age of 55. Family economic considerations also reveal that the Maryland Pension Exclusion, \$33,100 for the most recent tax return, severely limits the financial attractiveness of the State long-term for many retirees evaluating second career location options in Maryland. These factors often *encourage them to work in Maryland during their second career employment but live **outside** the State*—while commuting to attractive high-paying jobs in nearby Maryland. For a substantive and comprehensive explanation, consult the Oct. 7, 2019 Towson University Regional Economic Studies Institute [RESI] document: [A Study of Employment in the State's Defense Industry](#).

**Nebraska** –Effective 2022 Military retirement pay will be 100% exempt.

**New Mexico** – A retirement income exemption of \$8,000 is available, subject to income restrictions, for taxpayers 65 and over.

**Oklahoma** – Military retired pay exclusion is the greater of: 75% *or* \$10,000. Military disability pay is exempt. 100% disabled up to 100% property tax exemption.

**Oregon** – “Federal Pension Subtraction” applies based on when service occurred. (e.g. all before Oct. 1, 1991 = 100% subtraction. No months before you cannot subtract any federal pension). See [2016 Oregon Publication OR-17](#)

**South Carolina** – Military Retired Pay: \$17,500 is exempt if under 65; \$30,000 is exempt if 65 and over. You must have other income, besides military retirement, to qualify for this.

**Only the following 5 states fully tax Uniformed Services Retired Pay:**

**California, Montana, Rhode Island, Vermont, and Virginia**—Worthy of note is the fact that in neighboring Virginia income tax % rates across wage brackets are consistently and substantially lower than in Maryland.

**The details of tax codes vary substantially among the states, and are subject to change. Taxpayers are urged to consult with tax professionals, as appropriate.**

*[Update based on [Military State Report Card & Tax Guide](#), August 15, 2019 Data:  
Updated 30 January 2022]*