

MCPA-MSA_SB 130 Retirement Income Subtraction Mod

Uploaded by: Andrea Mansfield

Position: FAV



Maryland Chiefs of Police Association Maryland Sheriffs' Association



MEMORANDUM

TO: The Honorable Guy Guzzone, Chair and
Members of the Budget and Taxation Committee

FROM: Chief of Staff David Morris, Co-Chair, MCPA, Joint Legislative Committee
Sheriff Darren Popkin, Co-Chair, MSA, Joint Legislative Committee
Andrea Mansfield, Representative, MCPA-MSA Joint Legislative Committee

DATE: February 23, 2022

RE: **SB 130 – Income Tax Subtraction Modification – Military and Public Safety Retirement Income**

POSITION: **SUPPORT**

The Maryland Chiefs of Police Association (MCPA) and the Maryland Sheriffs' Association (MSA) SUPPORT SB 130. This bill expands the current subtraction modification for military and public safety retirement income.

Regardless of the agency or uniform worn, the men and women of the military, law enforcement and public safety have stepped forward on behalf of the citizens of their communities and of our State. Each one has taken an oath, a promise, to put the well-being of others first. As we have seen all too often, these professionals put their lives and safety on the line each shift they work, many being asked to make the ultimate sacrifice. This legislation recognizes and honors the sacrifice of military and public safety officers. MCPA and MSA believe this is warranted and appropriate considering the dangerous work these individuals perform throughout their careers and their dedication to service to and protection of the public.

For this reason, MCPA and MSA SUPPORT SB 130 and urge a FAVORABLE Committee report.

2022 SB130 Military and Public Safety Retirement I

Uploaded by: angelo consoli

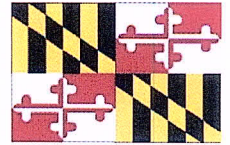
Position: FAV



CLYDE BOATWRIGHT
STATE PRESIDENT

Maryland State Lodge
FRATERNAL ORDER OF POLICE

8302 COVE ROAD, BALTIMORE, MD 21222



KENNY SCHUBERT
SECRETARY

EARL KRATSCH
TREASURER

February 22, 2022

SB 130 - Income Tax Subtraction Modification - Military and Public Safety Retirement Income

Dear Chairman Guzzone and Distinguished Members of the Budget and Taxation Committee,

The Maryland State Fraternal Order of Police **SUPPORTS** Senate Bill 130 - **Income Tax Subtraction Modification - Military and Public Safety Retirement Income.**

Along with other deserved positive changes that SB130 will do for other Public Safety and Military Retirees, this Bill will provide an increase to the allowed amount that can be subtracted from the federal adjusted gross income for a retired Law Enforcement Officer's Retirement Income. The enactment of SB130 would create a modest increase for our members from the current \$15,000 to the new limit of \$20,000. A **FAVORABLE** vote on SB130 would continue to show the support of the State of Maryland to its Public Safety and Military retirees and further incentivize them to maintain their residence in the State of Maryland. Currently, due to retirement tax incentives of some of our surrounding states, officers frequently change residency to locations outside of Maryland after retirement in order to take advantage of the lower taxes applied to their retirement income. This Bill will go a long way towards continuing to encourage our Police Officers who have worked their entire career in Maryland to continue to reside here after their retirement.

On behalf of the more than 20,000 Courageous Men and Women of the Maryland Fraternal Order of Police we thank you for your support and ask for your **FAVORABLE** vote on **Senate Bill 130 - Income Tax Subtraction Modification - Military and Public Safety Retirement Income.**

A handwritten signature in black ink, reading "Angelo Consoli Jr." with a stylized flourish at the end.

Angelo L. Consoli Jr,
2nd Vice President, FOP, Maryland State Lodge
President, FOP Lodge 89, Prince George's County

SB 130_ARMY ALLIANCE_FAV.pdf

Uploaded by: Bryson Popham

Position: FAV

Bryson F. Popham, Esq.

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Annapolis, MD 21401
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February 23, 2022

The Honorable Guy Guzzone
Chairman, Senate Budget and Taxation Committee
3 West, Miller State Office Building
Annapolis, Maryland 21401

RE: Senate Bill 130- Income Tax Subtraction Modification - Military and Public Safety Retirement
Income - FAVORABLE

Dear Chairman Guzzone and Members of the Committee,

On behalf of the Army Alliance, I am pleased to support the referenced legislation and thank Senator Jackson for its introduction.

The Army Alliance is a nonprofit advocacy organization whose sole mission is to provide support for one of our major military installations in the State – the Aberdeen Proving Ground (APG). From its founding in 1917, APG has grown into the central research facility for the United States Army, one of 12 such military installations in our State. APG and the defense community in the surrounding area are the largest employer in Northeastern Maryland.

While the Army Alliance supports the entire bill, we wish to draw the Committee's attention to the language on page 3, line 2 of the bill. This language reflects a longstanding effort by legislative leaders to recognize the importance of the defense community as a whole to our State economy. As we explain below, the rate of State personal income taxation for employees in the defense industry has a direct and substantial effect on workforce availability for the industry. This represents an ongoing and significant challenge to the ability of defense contractors to secure qualified employees to work in Maryland.

The challenge may be understood this way: while the defense industry has the same need for highly qualified, knowledge-based employees that many businesses in Maryland have, there is a unique requirement in the defense industry. That requirement is for many employees to possess an active security clearance. Other industries have no such requirement. As a result, military retirees are uniquely qualified to fulfill this workforce need.

Complicating this situation is the fact that other states close to Maryland impose a lower rate of personal income tax on military retirees or even no state income tax at all. In an effort to attract and retain employees at Maryland military installations, the Maryland personal income tax can be a major factor in the prospective employee's decision. Because Maryland is behind other states in reducing the income tax rate on military retirees, it is more difficult to attract them to defense industry jobs in our State.

Senate Bill 130 will not eliminate this problem, but it does offer the prospect of incremental – even substantial – progress toward our goal.

For these reasons, the Army Alliance respectfully requests a favorable report on Senate Bill 130.

Very truly yours,



Bryson F. Popham

CGlangOralTestimony for SB130 February 23 2022.pdf

Uploaded by: Cheryl Glang

Position: FAV



Maryland Council of Chapters
md.moaa.coc@gmail.com

Chair Guzzone and distinguished members of the Budget and Taxation Committee.

My name is Cheryl Glang. I am a spouse of a retired Admiral of the NOAA Corps, the smallest of the 8 uniformed services. Thank you for the opportunity to speak today on testify in FAVOR of Senator Jackson's bill, **SB 130 - "Income Tax Subtraction Modification – Military and Public Safety Retirement Income,"** in my role as a member of the MOAA MD Council of Chapters Spouse and Surviving Spouse Liaison and a past President of the NOAA Corps Officers Family Association..

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 – currently there are 35 of them. 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. (I have included a map and fact sheet in my written testimony.) 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. SB130 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 SB 130 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

CGlangTestimony_SB130_February 23 2022_final.pdf

Uploaded by: Cheryl Glang

Position: FAV



Maryland Council of Chapters
md.moaa.coc@gmail.com

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.

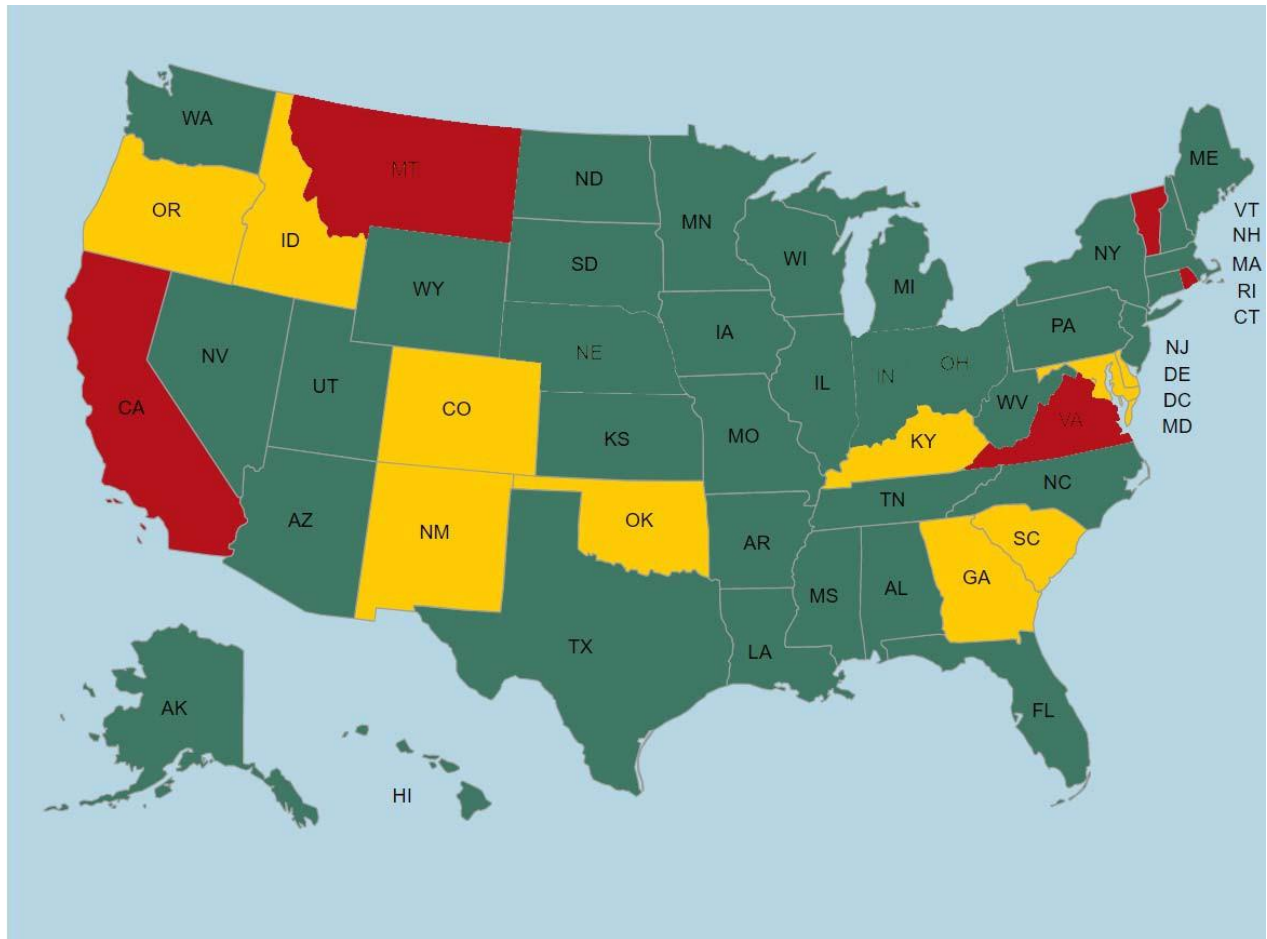
Each year more states offer full retirement pay exemptions and with current trends where remote work options are increasingly becoming permanent this leaves Maryland an even less desirable retirement state for our NOAA Corps retirees and their spouses. **Thirty-five states fully exempt military retired 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. NEW Nebraska (joining in 2022)
2. Alaska *	20. Nevada *
3. NEW Arizona ☑ ‡ (2021)	21. New Hampshire *
4. Arkansas ☑ ‡	22. New Jersey ‡ (\$6K Vet ded)
5. Connecticut ‡	23. New York ☑ ‡
6. Florida *	24. NEW 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. NEW 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]*

SenateBill130_FMA_LOS_2022.pdf

Uploaded by: Donna De Marco

Position: FAV



February 22, 2022

The Honorable Guy Guzzone
Senate Budget and Taxation Committee
3 West - Miller Senate Office Building
Annapolis, Maryland 21401

RE: Senate Bill 130- Income Tax Subtraction Modification – Military and Public Safety Retirement Income -
FAVORABLE

Dear Chair Guzzone and Members of the Committee,

On behalf of the Fort Meade Alliance, I am pleased to support the referenced legislation and thank Senator Jackson for its introduction.

The FMA is a 501c4 nonprofit with a central mission to support and promote Fort George G. Meade (FGGM) as an economic asset and resource to the region. We play a critical role as a leader in the community, championing and facilitating Fort Meade regional initiatives to remain the first choice for military services, civilian support services and federal departments and agencies. Our frequent interaction with FGGM leadership, the more than 115 government agencies and organizations on Fort Meade and elected government officials demonstrates the Alliance's strength.

Our membership consists of over 280 business members representing over 100,000 employees in the region, including Leidos, Lockheed Martin, Northrop Grumman and many more. Many of these businesses represent manufacturers and information technology industries that recognize the importance of developing and recruiting talent for in computer science, information technology and cyber security.

Senate Bill 130 addresses an ongoing and significant challenge to the ability of defense contractors to secure qualified employees to work in Maryland. Military retirees are a highly educated and sought-after workforce for our Defense Industrial Base. Currently, Maryland has over 20,000 openings in the services and careers that support the missions of our installations. Our retiring military are uniquely qualified for many of those positions. They meet requirements such as related experience and may possess an active security clearance.

From a State Competitive viewpoint, other states close to Maryland impose a lower rate of personal income tax on military retirees or even no state income tax at all. To attract and retain employees at Maryland military installations, the Maryland personal income tax can be a major factor in the prospective employee's decision. Because Maryland is behind other states in reducing the income tax rate on military retirees, it is more difficult to attract them to defense industry jobs in our State.

Senate Bill 130 will not eliminate this problem, but it does offer the prospect of incremental – even substantial – progress toward our goal.

For these reasons, the Fort Meade Alliance respectfully requests a favorable report on Senate Bill 130.

Very truly yours,

Doreen Harwood, President

PFFMD Supplemental Information - SB130 (2022).pdf

Uploaded by: Jeffrey Buddle

Position: FAV

PROFESSIONAL FIRE FIGHTERS OF MARYLAND



2022 Maryland General Assembly

Senate Budget & Taxation Committee

Senate Bill 130

**Income Tax Subtraction Modification
Military and Public Safety Retirement Income**

3 Year Phase In that increases the income subtraction modification for eligible military and public safety retirement income from \$15,000 to \$20,000 and eliminates the age 65 provisions for public safety

Year 1 - Would increase the income subtraction modification for military retirement income from 15,000 to 20,000 **(Tax Year 2022)**

Year 2 - Would increase the income subtraction modification for public safety retirement income from \$15,000 to \$17,500 **(Tax Year 2023)**

The first \$10,000 of the income subtraction modification would not be subject to a social security offset at age 65 **(Tax Year 2023)**

Year 3 - Would increase the income subtraction modification for public safety retirement income from \$17,500 to \$20,000 **(Tax Year 2024)**

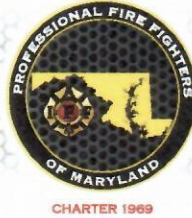
The full \$20,000 of the income subtraction modification would not be subject to a social security offset at age 65 **(Tax Year 2024)**

PFFMD Testimony - SB130 - J. Buddle (2022)[1].pdf

Uploaded by: Jeffrey Buddle

Position: FAV

PROFESSIONAL FIRE FIGHTERS OF MARYLAND



February 23, 2022

Senator Guy Guzzone, Chair
Senate Budget & Taxation Committee
3 West, Miller Senate Office Building
Annapolis, Maryland 21401

Testimony Concerning SB130, an Act concerning – Income Tax Subtraction Modification – Military and Public Safety Retirement Income

Submitted to the Senate Budget & Taxation Committee

Position: Favorable

On behalf of the Professional Fire Fighters of Maryland, we submit this testimony in **support** of Maryland Senate Bill 130, introduced by Senator Michael A. Jackson, an Act concerning – Income Tax Subtraction Modification – Military and Public Safety Retirement Income.

The Professional Fire Fighters of Maryland (PFFMD) serves as the statewide affiliate of the International Association of Fire Fighters (IAFF). Our membership includes local affiliates of the IAFF at the federal, state, and local level which, combined, represent over 12,000 active and retired fire, rescue, and emergency services personnel.

Senate Bill 130 has previously been before this committee in both the 2020 and 2021 regular legislative sessions. Senate Bill 488 introduced in 2020 received a unanimous committee and floor vote. Last year Senate Bill 370 also received a unanimous committee and floor vote. We are hopeful that the Budget & Taxation Committee will once again continue their strong support of our retired military and public safety members who have dedicated their careers to serving others and now wish to enjoy their retirement right here in the State of Maryland.

Thank you for your attention to this extremely important piece of legislation. We strongly support Senate Bill 130 and urge the committee to give a **favorable report**.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey Buddle".

Jeffrey Buddle, President
Professional Fire Fighters of Maryland

The membership of the Professional Fire Fighters of Maryland includes 25 local IAFF affiliates from the following jurisdictions:

Federal: Aberdeen Proving Grounds, Fort George G. Meade, National Capital Federal Fire Fighters.

State: Baltimore / Washington International Airport, Martin State Airport.

Local: Annapolis, Anne Arundel County, Baltimore City (2 affiliates), Baltimore County, Carroll County, Cecil County, Charles County, Cumberland, Frederick County, Garrett County, Hagerstown, Howard County, Montgomery County, Ocean City, Prince Georges County, Queen Annes County, Salisbury, Talbot County, Worchester County.

MTA Favorable SB 130 2-23-22.pdf

Uploaded by: Jenna Massoni

Position: FAV



M a r y l a n d Troopers Association



INCORPORATED 1979

February 23, 2022

The Honorable Guy Guzzone, Chairman and Members of the Budget & Taxation Committee

RE: SB 130- Income Tax Subtraction Modification - Military and Public Safety

Retirement Income

POSITION: SUPPORT

The Maryland Troopers Association (MTA) has a membership strength of approximately 2,629 members of which 1,120 are active sworn Troopers involved in traffic and criminal enforcement throughout the State of Maryland.

To honor those who sacrifice their lives every day, MTA supports lowering the age at which residents are eligible for a subtraction modification under the Maryland income tax for individuals who are at least 55 years old. We also agree with increasing the amount of subtraction modifications from \$15,000 to \$20,000.

MTA believes this legislation will act as an incentive for retired law enforcement to remain in Maryland and not feel the need to reside in other states once retired.

Maryland State Troopers are integral members of the law enforcement community in Maryland. Given the role that our Maryland State Troopers perform in the public safety of our counties and state we feel that this small change is warranted and justified.

Therefore, the Maryland Troopers Association strongly supports SB 130 and request a favorable report.

Brian Blubaugh
President
Maryland Troopers Association

Member of National Troopers Coalition

1300 REISTERSTOWN ROAD, PIKESVILLE, MARYLAND 21208 (410) 653-3885 1-800-TROOPER

E-mail: info@mdtroopers.org

SB 130 COA_Nash Oral_23 Feb22.pdf

Uploaded by: Lynn Nash

Position: FAV



Commissioned Officers Association

Of the U.S. Public Health Service

Oral Testimony - Lynn Nash in Support of SB 130

Recommend FAVORABLE Report

Chair Guzzone and distinguished members of the Budget and Taxation Committee. Thank you for the opportunity to testify in **FAVOR** of Senator Jackson's bill, "Income Tax Subtraction Modification – Military and Public Safety Retirement Income," SB 130.

My name is Lynn Nash. I am the Director representing the Commissioned Officers' Association of U.S. Public Health Service, on the Maryland Military Coalition and the Coalition's Communications Director. I'm also a 30-year uniformed service retiree, a PhD prepared nurse and a chem-bio and emergency response subject matter expert who served on National Security Council committees for over 15 years. My position on these committees required a compartmented security clearance.

The U.S. Public Health Service has more than 1,200 active duty and retired officers living in Maryland. Four of our largest duty stations (Headquarters, the National Institutes of Health, the Food and Drug Administration and the Centers for Medicare and Medicaid Services) are located here and many officers who work within the National Capital Region choose to reside here. These officers are highly trained and skilled and most have multiple degrees. The greatest number are healthcare professionals (doctors, dentists, nurses and nurse practitioners and pharmacists), scientists, drug and vaccine developers and reviewers and healthcare policy specialists. I don't need to tell you that Maryland has been experiencing critical shortages in many of these professions, and with COVID, the situation is getting worse.

When I took off my uniform, I chose not to take an SES position or many other six figure offers in the defense industry or live my dream job of becoming nursing faculty in the midst of a critical shortage. Instead, when my husband finishes his federal career soon, we'll sell our house and move somewhere where it is less expensive to live. We have lots of choices you see, as there are 35 states that don't tax military retired pay at all. We'll contribute to the local economy there—not in Maryland.

But I'm not the only one. Of the 20 senior officers who have recently spoken to me about retirement, which is an unusually high number, not a SINGLE ONE is staying in Maryland. You are losing clinicians, scientists, experts in vaccine and policy—brilliant, very highly qualified and experienced men and women who, like me, have successfully completed challenging and often dangerous careers in service to our Nation. Why? They tell me that they don't want to stay and pay taxes on their retirement while earning more in 2nd careers.

This is reason why the Maryland Military Coalition strongly supports SB 130, which would raise the current 'income tax subtraction' on military retired pay from \$15,000 to \$20,000, an incremental step toward our goal of fully tax-free retirement income. As recommended in the Townson University report commissioned by your Assembly, the Coalition believes that retired pay taxation exemption should be examined through the lens of its enormous potential to benefit our state's economy by attracting and retaining officers who are leaving service and will start high paying 2nd careers where they will pay taxes on their "new income". Retiring service members have the "right stuff" to help lead our economy forward.

The Maryland Military Coalition is a registered non-profit, non-partisan organization with approximately 150,000 members including currently serving, National Guard and Reserves, veterans, retirees, their families, caretakers and survivors.

The U.S. Public Health Service Officers who live in Maryland and the Maryland Military Coalition recommend a **FAVORABLE** report on SB 130, "Income Tax Subtraction Modification – Military Retirement Income," and we thank Senator Jackson for his leadership on this issue. Thank you.

SB 130 COA_Nash Written_23 Feb22.pdf

Uploaded by: Lynn Nash

Position: FAV



Commissioned Officers Association

Of the U.S. Public Health Service

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 the Director representing the Commissioned Officers' Association of the U.S. Public Health Service on the Maryland Military Coalition, and as their Communications Director, I write to strongly recommend a **FAVORABLE** report by the Committee for ***SB 130 Income Tax Subtraction Modification -- Military and Public Safety Retirement Income*** sponsored by Senator Jackson.

The U.S. Public Health Service has more than 1,200 active duty and retired officers living in Maryland. Four of our largest duty stations (Headquarters, the National Institutes of Health, the Food and Drug Administration and the Centers for Medicare and Medicaid Services) are located here and many officers who work within the National Capital Region choose to reside here. These officers are highly trained and skilled and most have multiple degrees. The greatest number are healthcare professionals (doctors, dentists, nurses and nurse practitioners and pharmacists), scientists, drug and vaccine developers and reviewers and healthcare policy specialists and nearly ALL of them have a security clearance. I don't need to tell you that Maryland has been experiencing a critical shortage in many of these professions; and the situation has only been exacerbated by COVID.

For more than 23 years, the military-connected community has sought passage of legislation to attract and retain second-career service members to live, work and fully retire in our state. A Maryland General Assembly-commissioned [study by Towson University \(2019\)](#) found that each year, the defense industry alone faces a shortage of over 7,200 qualified workers, especially in computer and mathematical, architecture and engineering and **science occupations**. The study recommended fully exempting the state tax on uniformed services' retired pay along with other initiatives in order to support Maryland's burgeoning defense industry and boost the state's economy. Modest steps have been taken to realize this objective, which we believe the General Assembly supports in principle. The Towson Report correctly notes that a majority of defense jobs require technical skills, leadership experience and security clearances that can't be sourced from our general population. [A separate Towson University study \(2018\)](#) found that the total economic impact of Maryland's military installations represented 15.4% of the state's gross domestic product. That translates to thousands of jobs.

Moreover, recently retired [Maryland Treasurer, Nancy Kopp](#), emphasized during her final meeting that the state faces an alarming and growing shortage of state employees due to retirement. Uniformed Services' retirees are ideal candidates to compete for many of these high-paying positions as they have a demonstrated track record of performance in large, complex organizations. But today, these

transitioning service women and men have lots of choices to live and work after they take off their uniforms. Maryland needs to be more competitive with other states to secure its fair share of this precious resource.

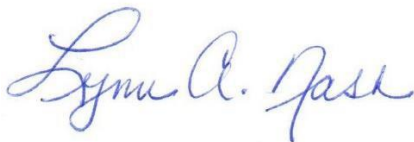
I retired after 30 years of service and I made a conscious decision not to work. I turned down an SES position as well as several other 6-figure positions in the defense industry as well as the federal sector. However, I continue as a mentor for about fifty officers. This year, I've been contacted by **TWENTY officers** who are retiring – these are all senior officers, and this is an unusually **HIGH** number. All plan to pursue second careers, but unfortunately, **NONE of them plan to stay in Maryland**. As I speak to them, I keep hearing that the high cost of living in Maryland, 2nd highest in the nation, is a significant factor influencing their decisions as well as the State's current policy on retirement income. These officers want to select a new place to live where they can keep more of the money they've already earned as retirement income, and earn even more while maintaining a good quality of life.

Last year, North Carolina and Arizona joined 32 other states in fully exempting state tax of uniformed services' retired pay. In addition, Nebraska joins them in 2022, raising the total number of states that **DO NOT TAX** military retirement income to 35. In our region, New Jersey, Pennsylvania and West Virginia have no tax on such pay. Those three states account for significant numbers of workers who live outside Maryland, paying no property or state income taxes here. (Please refer to the enclosed fact sheet and map detailing this information as well as a recent article that discusses these issues).

SB 130 would raise the current 'income tax subtraction' on Uniformed Services' retired pay from \$15,000 to \$20,000. While this is only an incremental "bump" towards our final goal of fully tax-free service retirements, we urge action now, especially as we face economic recovery from COVID and the State has a budget surplus.

The Maryland Military Coalition is a registered non-profit, non-partisan group of 19 leading Maryland military and veterans' organizations who represent approximately 150,000 currently serving, veterans, uniformed services retirees, their families and survivors. On its behalf, I recommend a **FAVORABLE** report out of SB 130 by the Committee. Thank you, Senator Jackson, for your continued support of veterans and their families.

Yours, respectfully

A handwritten signature in blue ink that reads "Lynn A. Nash". The signature is fluid and cursive, with the first name "Lynn" being more prominent than the last name "Nash".

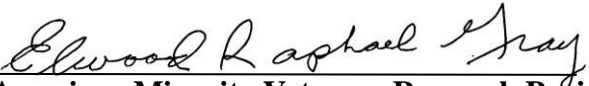
Lynn A. Nash, PhD, RN, PHCNS-BC, FAAN
CAPTAIN (Ret.), U.S. Public Health Service
Communications Director
District 17

Enclosures (3)

Member Organizations, Maryland Military Coalition

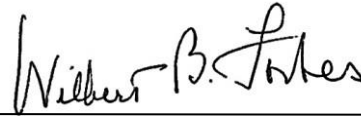

Air Force Sergeants Association


American Military Society


American Minority Veterans Research Project


Association of the United States Navy



Commissioned Officers Association of the
US Public Health Service

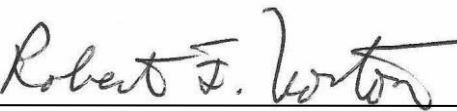

Disabled American Veterans

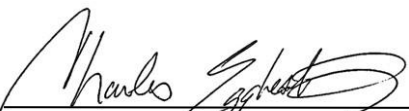

Distinguished Flying Cross Association


Fleet Reserve Association


Jewish War Veterans of the USA


Maryland Air National Guard Retirees'
Association


Military Officers Association of America


Military Order of the Purple Heart


Montford Point Marines of America


National Association for Black Veterans


Naval Enlisted Reserve Association

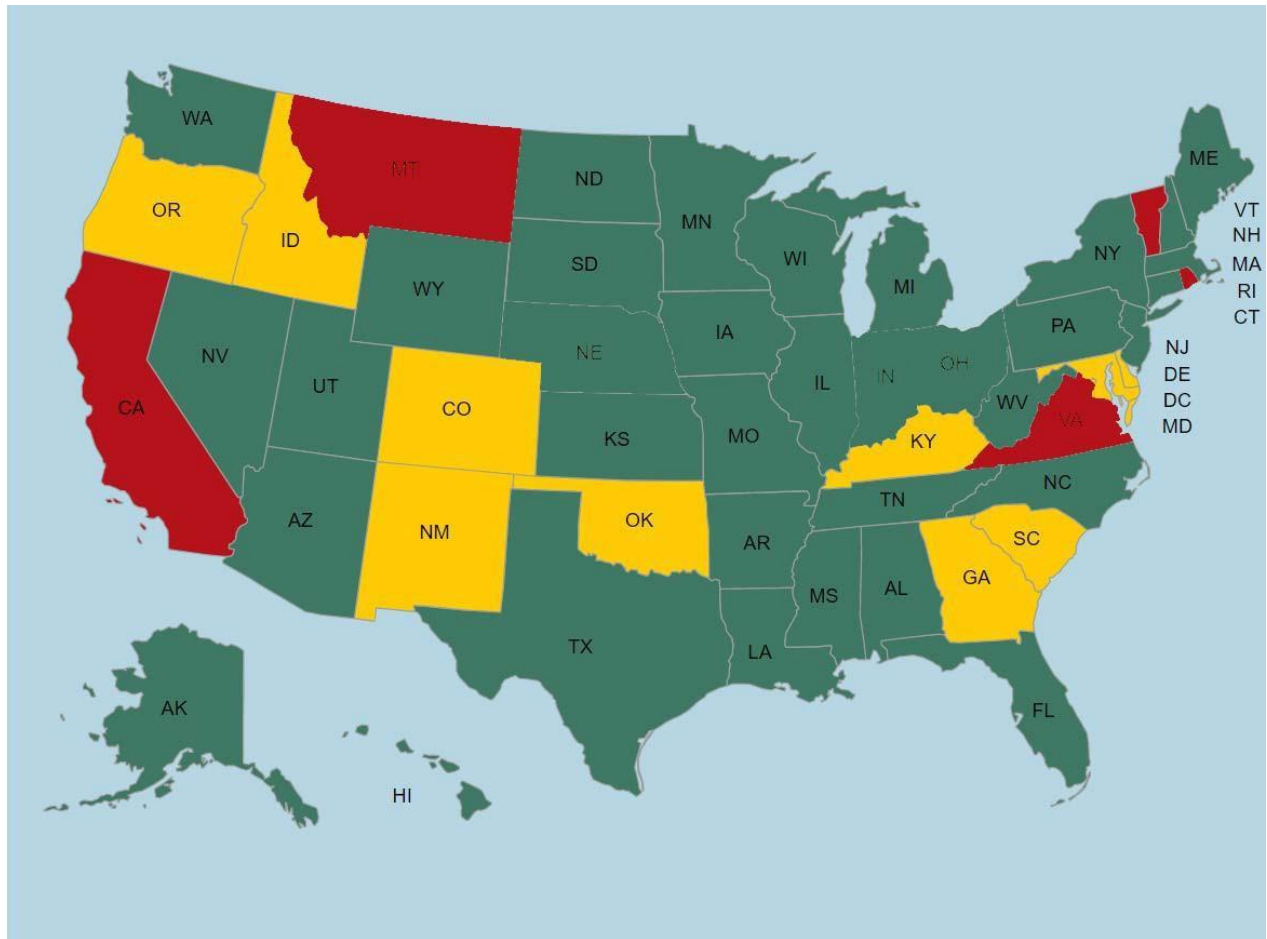

Reserve Organization of America


Reserve Organization of America


Society of Military Widows


Veterans of Foreign Wars

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. NEW Nebraska (joining in 2022)
2. Alaska *	20. Nevada *
3. NEW Arizona ☑ ‡ (2021)	21. New Hampshire *
4. Arkansas ☑ ‡	22. New Jersey ‡ (\$6K Vet ded)
5. Connecticut ‡	23. New York ☑ ‡
6. Florida *	24. NEW 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. NEW 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):

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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

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

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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]

Tom Jurkowsky: Granting tax relief to military retirees can boost the Md. economy | COMMENTARY

By Tom Jurkowsky
Capital Gazette |
Feb 15, 2022 at 5:00 AM

Maryland has a golden opportunity to retain many skilled, disciplined and experienced individuals — but only if our state legislators pass legislation as 35 other states have done. The required legislation would exempt military retiree pay from state income tax, enticing career military personnel to remain in the state and pursue second careers here.

This legislative action would make a significant contribution to the state's economy, generating tax revenue from follow-on jobs by the military retirees who remain.

The Towson University Regional Economic Studies Institute completed a study entitled, "A Study of Employment in the State's Defense Industry." The study was done at the direction of the state legislature.

The Towson study found that in the second quarter of 2019 alone, there were nearly 24,000 job postings for defense-related jobs. However, the defense industry, which represents 15.4% of the state's gross domestic product, faced a shortage of 7,200 qualified workers — particularly for computer, engineering and science occupations. With the pandemic, these numbers are even higher, especially when coupled with state government vacancies that are at an all-time high.

With so many military personnel assigned in the state, one would think that career military retirees would be ideal candidates for these 7,200 positions because of their technical knowledge and leadership experience, coupled with their security clearances.

Why the shortfall? According to the Towson study, while military retirees in Maryland have access to ample employment opportunities, several factors are considered when deciding where to live post-retirement. These factors include the tax burden and the overall cost of living. Maryland, when compared to 11 other states, has the second highest cost of living, effectively reducing the value of a salary earned by any member of a military household in the state. This is notable because the compensation for jobs requiring a security clearance in Maryland is lower than in Virginia and Washington, D.C.

Another factor cited in the Towson study is the military pension exemption. While 35 states fully exempt military pensions from taxation and several others are moving toward it, including Delaware, Maryland exempts only a portion. This fact, combined with Maryland's higher overall state tax burden, makes Maryland a less attractive place to live.

The Towson study reaffirms an earlier study that the General Assembly directed to study the financial impact of retired military service 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."

Maryland's already high tax rate, and the growing number of higher income residents leaving the state to avoid these taxes, makes exempting military retirement pay a critical issue. It's an incentive for a military person to retire in a state and not have their military pension taxed.

Very few military personnel can live on their retirement income alone. Most require a second career that will generate income that will be — and is — appropriately taxed.

The Towson study said that when military retirees reenter the workforce, they obviously earn income and generate economic activity in addition to their military pensions. Military retiree household spending — on items such as groceries, rent, mortgage payments and recreation — benefits the economy. The study said that spending associated with one military retiree's household sustains nearly \$115,000 in economic activity and supports \$7,550 in state and local tax revenue. These "ripple effects" are only felt if the household resides in the state.

Military retirees are higher wage earners and are the type of individuals Maryland should be trying to attract and retain.

The bottom line is that immediate tax relief for military retirees in Maryland is a fiscally sound option to attract and retain valuable individuals — good neighbors who pay their bills, volunteer in the community and have an appreciable level of discretionary income. Other states have recently learned this and are catching on — losing a little in revenue but building a stronger fiscal base by increasing the number of state taxpayers.

The Maryland legislature has been provided a report on the issue of exempting military retirement pay from state taxes. It's now time for our state legislators to act. If action is not taken, Maryland will continue to be left further behind.

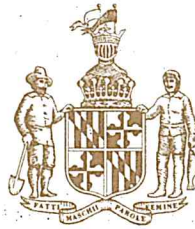
Tom Jurkowsky is a retired Navy rear admiral. He is on the board of the Military Officers Association of America, a military support organization that advocates for a strong defense and for all military personnel and their families. He lives in Annapolis.

JacksonSB130Testimony.pdf

Uploaded by: Michael Jackson

Position: FAV

MICHAEL A. JACKSON
Legislative District 27
Calvert, Charles and
Prince George's Counties



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Michael.Jackson@senate.state.md.us

Budget and Taxation Committee

Subcommittees

Pensions

Public Safety, Transportation, and
Environment

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

District Office
250 Merrimac Court
Prince Frederick, Maryland 20678

TESTIMONY - SENATE BILL 130
INCOME TAX SUBTRACTION MODIFICATION –
MILITARY AND PUBLIC SAFETY RETIREMENT INCOME
BUDGET AND TAXATION COMMITTEE
FEBRUARY 23, 2022

Chair Guzzone, Vice Chair Rosapepe and Fellow Committee Members:

Senate Bill 130 is a fairly straight-forward piece of legislation that increases the income tax subtraction modification for military retirement income from \$15,000 to \$20,000. Additionally, it raises the subtraction modification to \$20,000 for retired public safety professionals, including retired correctional officers, law enforcement officers, and fire, rescue, and emergency services personnel.

Countless Marylanders, who are either retired military or retired law enforcement, are facing monetary challenges in their retirements. This legislation would be a significant benefit to these individuals who nobly served either in the military or in some facet of the public safety realm.

I have great confidence that this legislation would serve as a valuable incentive for those retiring from the military or retiring from public service to stay in Maryland. This is a simple piece of legislation that has the potential to provide a profound impact for residents and the State alike.

For the reasons listed above, I ask for a favorable report of Senate Bill 130.

moaa.testimony.senate.oral.23 feb 22.pdf

Uploaded by: Thomas Jurkowsky

Position: FAV



Annapolis Chapter
P.O. Box 3439
Annapolis, MD 21403

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.

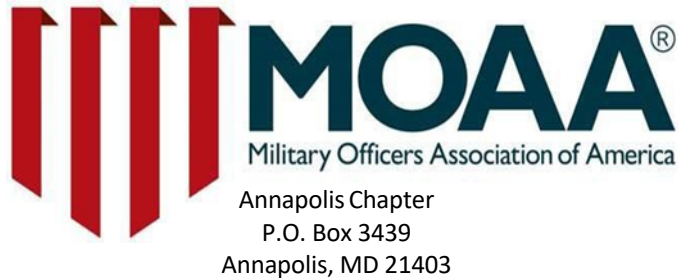
Thank you.

Thomas J. Jurkowsky
Rear Admiral, USN (Ret.)
2029 Chesapeake Rd.
Annapolis, MD 21409
District 33

moaa.testimony.senate.written.23 feb 22.pdf

Uploaded by: Thomas Jurkowsky

Position: FAV



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 Annapolis Chapter of the Military Officers Association of America, I am writing to request 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 Tom Jurkowsky. I am 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 serve on the board of directors of the Military Officers Association of America and have lived in Annapolis for 28 years.

I have chosen to remain in the state, despite its high taxes. Many of those whom I have 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 skills and leadership.

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.

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Interestingly, Arizona Governor Doug Ducey launched a plan on 15 February that would nearly double veterans in his state's workforce. This announcement built on his commitment to make Arizona the best state for veterans in the country.

"Arizona has a message for the men and women who've served our country in uniform—we value your experience, we value your skills and we want you to come work for our state," he said. In his state of the state speech earlier in 2022, the governor said veterans "represent the best of our country and as any hiring manager will tell you: Veterans are among their most prized and productive employees." The governor's human resources director said that "**as natural leaders and problem solvers, these are exactly the kind of men and women we want to join the state's ranks.**" She added that veterans embody a "*service before self*" spirit and typically are disciplined, fearless and have a strong work ethic.

I believe that the qualities the Arizona governor and his human resources director identify with veterans are the SAME qualities any Maryland company or organization can also benefit from.

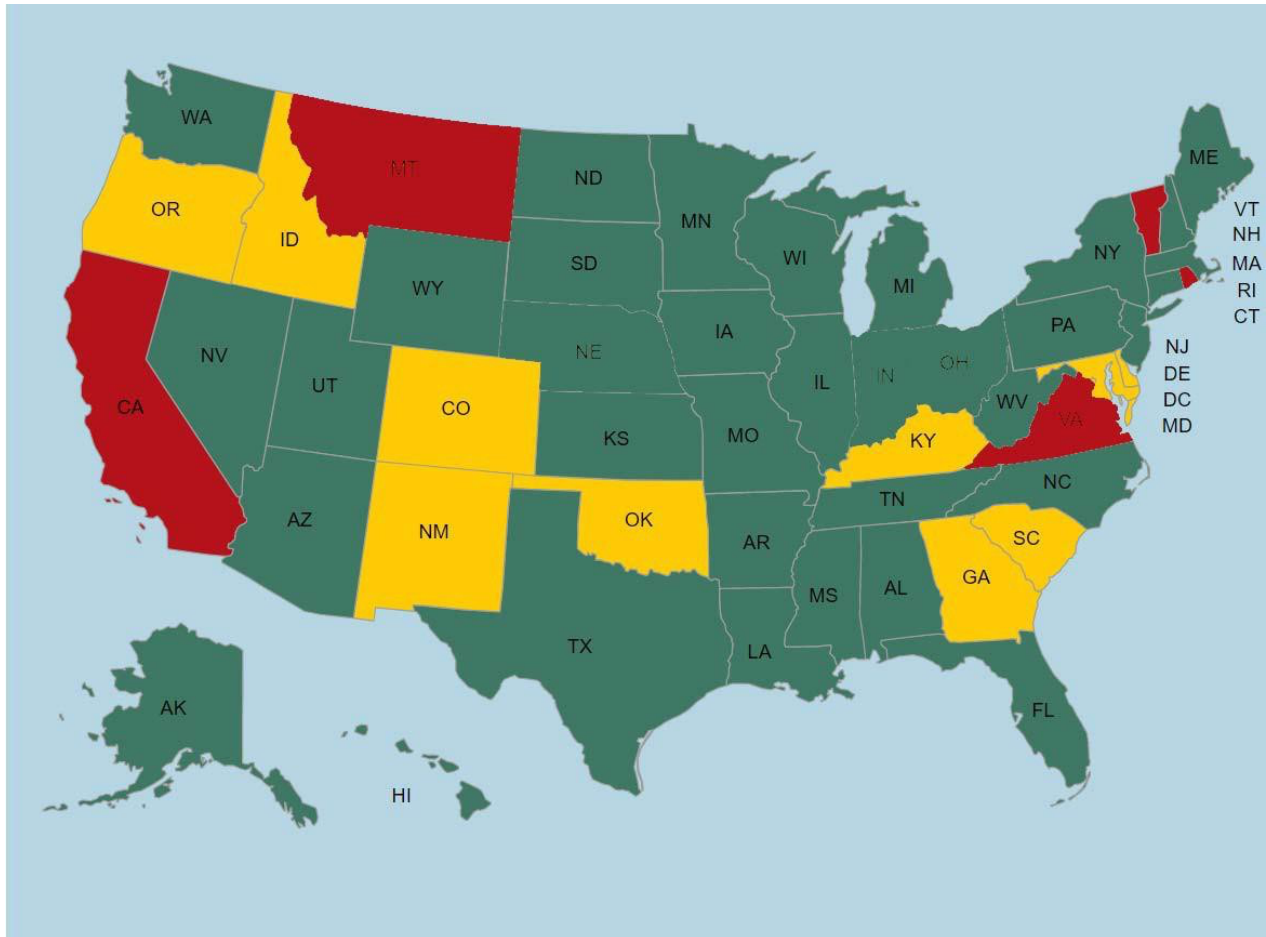
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Respectfully,

Thomas J. Jurkowsky
RADM (Ret.), U.S. Navy
2029 Chesapeake Rd.
Annapolis, MD 21409
District 33

(3 Encl.)

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MARYLAND MILITARY COALITION

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SB0130-BT_MACo_OPP.pdf

Uploaded by: Kevin Kinnally

Position: UNF



Senate Bill 130

Income Tax Subtraction Modification - Military and Public Safety Retirement Income

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: February 23, 2022

From: Kevin Kinnally

Tax Incentives and Local Government Autonomy

Counties are eager and committed partners in promoting economic growth and creating opportunity – and prefer local autonomy in determining the best way locally. The Maryland Association of Counties (MACo) opposes state-mandated reductions in local revenue sources, but county governments welcome flexible and optional tools to serve and react to local needs and community priorities.

The General Assembly routinely considers broad or targeted tax incentives to stimulate economic growth, encourage beneficial activities, or attract and retain residents. These proposals sometimes focus exclusively on the state's tax structure, but often extend to local revenues as well.

In general, MACo stands for local self-determination. Counties, led by locally elected leaders directly accountable within the communities they serve, are best positioned to govern local affairs – ranging from land use to fiscal matters. MACo steadfastly guards this local autonomy and consistently advocates against one-size-fits-all policies that override local decision-making.

State tax incentives should be enacted as "local option" offerings to allow counties maximum flexibility in tailoring local policies to meet local needs and priorities. The State and its local governments already work together here – where the State routinely grants a state-level property tax credit, but then enables county governments to enact their own as a local option.

MACo urges the Committee to primarily consider state income tax credits as the best means to incorporate local tax relief as part of a broader policy. MACo and county governments stand ready to work with state policymakers to craft flexible and optional tools to deliver broad or targeted tax incentives, but resist state-mandated changes that preclude local input.