



Ft. George G. Meade Chapter
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February 20, 2022

The Honorable Vanessa Atterbeary
Chair, Ways and Means Committee
House Office Building, Room 131
6 Bladen Street
Annapolis, MD 21401

Madam Chair Atterbeary and members of the Ways and Means Committee,

As Legislative Liaison of the Ft. Meade chapter of the Military Officers Association of America (MOAA), I am writing in support of **HB 420 – Retirement Tax Elimination Act of 2022**, sponsored by Speaker Jones at the request of the Administration. The Ft. Meade chapter, one of nine active chapters in Maryland, currently has 95 members, with approximately 75% of them drawing military retirement pay and other types of retirement income. Our chapter is also part of the Maryland Military Coalition.

HB 420 would authorize a state income tax ‘subtraction’ modification on retirement income up to a certain amount each year for certain individuals who are at least 65 years old, receiving Social Security benefits and who are not fully employed. The Ft. Meade chapter supports the concept of HB 420 as it would provide our members, who are either approaching or are 65, more disposable income over time. Coupled with the continuing subtraction modification of military retired pay as proposed by other legislation that has come before this committee this session, our members applaud the steps being taken to lower taxes for those who have served in the uniformed services and want to remain in Maryland.

Census data indicates that Maryland currently is **NOT** retaining veterans as residents. According to the Maryland Department of [Veteran Affairs 2010 Annual Report](#), as of September 30th, there were an estimated 471,000 veterans, out of 5,696,423 residents of the state, or approximately 8.3% of the state’s population. According to the latest census data (July 2021), there are now 365,356 veterans out of a population of 6,165,129, or just 5.9% of the state’s population. While Maryland’s overall population has grown 8.2% over that 11-year period, the population of veterans has declined 22.4%. There are many reasons for this decline. However, as was pointed out in the Baltimore Sun [editorial of January 13, 2022](#), the cost of living in Maryland is a significant factor affecting whether all current residents approaching retirement will remain or relocate to other states with more favorable costs of living.

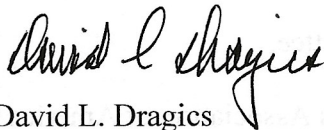
A sampling of sources that rate the best and worst states for retirement shows how poorly Maryland fares as a “retirement destination.” They are attached to this letter. Fidelity Investments, while positive about Maryland’s quality of life, points out that “*any excess income*

is heavily taxed and some counties have their own income taxes.” Further, Fidelity estimates that **the cost of living here is 29.7% above the national average.** Bankrate, used by Bloomberg and quoted by CNBC, rates Maryland 50th as the best state to retire. MoneyRates rates Maryland 46th on Economy, which includes the cost of living. Forbes, using Credit Karma State Retirement Rankings 2021, rates Maryland 44th in the cost of living. Finally, Retirement Living ranks Maryland 37th when it comes to cost of living.

While many factors that make up the cost of living are not controlled by the legislature, the reduction or modification of taxes on military retirement and old age income is. As such, any and all steps to mitigate the higher cost of living will make Maryland more competitive in retaining veterans, which includes retired military personnel, as residents to not only stay for a second career but also as full-time retirees after the age of 65.

The Ft. George G. Meade Chapter recommends a **FAVORABLE** report on HB 420 – Retirement Tax Elimination Act of 2022.

Respectfully,



David L. Dragics
Colonel, USA (Retired)
Legislative Liaison
District 30A

Attachments (5)

Maryland

Retire in Maryland to take advantage of world-class Chesapeake Bay fishing and more than 4,000 miles of shoreline. Retirees might be attracted to the state's average senior income, which is the second-highest in the nation at around \$70,000. However, tax disadvantages could cancel out that number. The state does not tax Social Security benefits, and some seniors may qualify for exemptions for retirement accounts and pensions. But any excess income is heavily taxed, and some counties have their own income taxes. Additionally, health care and living costs are also above average.

Taxes

Ranking:

State income tax range:



Mixed

2% - 5.75%

Cost of living

29.7% above the national average

Health care

Average health care costs for a retired couple:

\$436,074

Source: <https://www.fidelity.com/insights/retirement/best-states-to-retire>

Best States to Retire

State	Overall rank	Overall score	Affordability rank (40%)	Wellness rank (20%)	Culture rank (15%)	Weather rank (15%)	Crime rank (10%)
Georgia	1	17.25	3	32	41	4	29
Florida	2	17.45	14	24	15	14	27
Tennessee	3	18.85	1	42	29	8	45
Missouri	4	20	3	34	34	18	42
Massachusetts	5	20.7	42	1	12	6	10
Wyoming	6	21.95	17	28	10	49	7
Arizona	7	22.05	16	27	40	1	41
Ohio	8	22.85	19	31	32	15	20
Indiana	9	22.95	7	41	45	20	22
Kentucky	10	23.25	14	46	47	2	11
North Carolina	11	23.4	11	37	27	29	32
West Virginia	12	23.45	21	47	24	3	16
South Dakota	13	23.5	18	30	13	41	22
Wisconsin	14	23.9	30	25	17	21	12
Utah	15	24.1	26	10	48	18	18
South Carolina	16	24.3	9	40	21	33	46
Michigan	17	24.55	13	38	33	28	26
New Jersey	17	24.55	43	3	17	26	3
Oklahoma	19	24.65	2	45	44	27	42
New Mexico	20	24.75	10	48	34	7	50
New York	20	24.75	44	5	7	24	15
Rhode Island	20	24.75	44	12	5	22	7
Delaware	23	24.9	37	19	6	12	36
Nebraska	24	24.95	26	18	25	34	21
Nevada	25	25	30	21	19	13	40
Pennsylvania	26	25.2	35	17	14	30	12
Vermont	27	25.3	46	22	3	11	4
Texas	28	25.35	3	35	50	39	38
New Hampshire	29	25.45	37	16	4	45	1
Oregon	30	25.6	41	14	7	17	28
Virginia	31	26.05	30	11	37	36	9
North Dakota	32	26.25	23	20	31	44	18
Hawaii	33	26.6	50	2	11	9	32
Colorado	34	26.75	28	9	22	45	37
Mississippi	34	26.75	6	50	49	32	22
Iowa	36	26.9	29	36	23	23	12
California	37	27.05	48	6	15	4	38
Illinois	38	27.1	34	13	26	30	25
Louisiana	38	27.1	11	43	46	16	48
Washington	40	27.2	36	8	27	25	34
Connecticut	41	28.15	49	7	9	36	4
Idaho	41	28.15	22	39	30	43	6
Alabama	43	28.7	8	44	43	39	44
Arkansas	44	29.65	19	49	42	9	46
Maine	44	29.65	40	29	1	50	2
Alaska	46	29.7	25	23	20	48	49
Montana	47	30.05	33	33	2	47	29
Kansas	48	30.15	24	26	38	41	35
Minnesota	49	30.65	39	15	34	35	17
Maryland	50	33.75	47	4	39	36	29

Source: <https://www.bankrate.com/retirement/best-and-worst-states-for-retirement/>

MoneyRates

Best States for Retirement 2021					
Overall Rank	State	Economy	Crime/ Safety	Lifestyle	Healthcare
9	Alabama	1	44	7	24
19	South Carolina	2	46	3	40
12	Utah	3	17	47	12
3	Arkansas	4	46	8	6
33	Georgia	5	29	27	44
8	Missouri	6	42	12	15
11	Indiana	7	22	40	8
1	West Virginia	8	16	6	29
3	Mississippi	9	24	10	21
24	Oklahoma	10	42	23	24
33	Wyoming	10	7	43	45
21	Idaho	12	6	44	32
1	Iowa	13	13	30	3
18	Kansas	13	35	23	18
15	Nebraska	15	21	42	9
27	Tennessee	16	45	16	24
37	New Mexico	17	49	9	39
21	Delaware	18	36	4	36
14	North Dakota	18	17	49	2
35	Montana	20	29	25	33
26	Virginia	20	9	33	38
29	Michigan	22	25	31	24
23	South Dakota	22	22	34	19
46	Colorado	24	37	48	31
42	Louisiana	24	48	16	33
39	North Carolina	24	32	12	48
27	Minnesota	27	17	46	11
5	Kentucky	28	10	14	17
16	Ohio	29	20	19	20
24	Arizona	30	41	5	23
5	Florida	31	27	1	10
48	Washington	32	32	45	46
16	Vermont	33	4	21	30
41	Wisconsin	34	12	37	37
29	Maine	35	2	22	43
29	New Hampshire	35	1	25	41
44	Texas	37	38	27	24
49	Nevada	38	40	38	49
50	Alaska	39	49	50	50
39	Hawaii	40	32	2	42
43	Illinois	41	25	35	21
45	Oregon	42	28	16	46
13	Pennsylvania	42	13	10	15
47	California	44	38	32	35
7	Connecticut	45	4	19	3
37	Maryland	46	29	38	1
32	Massachusetts	46	10	35	13
9	Rhode Island	48	7	14	7
36	New York	49	15	40	5
20	New Jersey	50	3	27	13

Source: <https://www.moneyrates.com/research-center/best-states-to-retire/>

State Retirement Rankings 2021

Credit Karma's rank	State	Overall score	Cost of living rank	Senior living rank	Annual senior healthcare costs rank
49	Mississippi	20.97	1	50	3
22	Kansas	14.65	2	24	16
34	Oklahoma	15.97	3	38	12
31	Alabama	15.55	4	43	1
37	Arkansas	16.53	5	45	5
41	Georgia	17.39	6	44	7
33	Tennessee	15.94	7	39	11
26	Missouri	15.3	8	32	8
50	New Mexico	21.81	9	48	24
28	Indiana	15.42	10	30	20
7	Iowa	13.1	11	15	18
30	Michigan	15.52	12	28	29
23	Ohio	14.79	13	29	15
45	Texas	18.23	14	47	4
42	West Virginia	17.45	15	42	14
47	Louisiana	19.45	16	49	2
16	Nebraska	14.37	17	12	25
43	Kentucky	17.89	18	46	10
17	Idaho	14.37	19	23	23
36	Illinois	16.25	20	31	26
29	Wyoming	15.47	21	22	41
19	South Carolina	14.39	22	35	9
32	North Carolina	15.79	23	40	6
4	Wisconsin	12.34	24	7	28
35	North Dakota	16.13	25	18	36
13	Utah	14.26	26	4	22
12	South Dakota	13.95	27	20	30
14	Montana	14.32	28	17	32
2	Florida	10.92	29	26	13
24	Minnesota	15.16	30	5	44
8	Virginia	13.28	31	21	17
15	Arizona	14.36	32	33	27
6	Pennsylvania	13.09	33	19	21
25	Colorado	15.22	34	11	33
1	Delaware	10.89	35	3	39
40	Nevada	17.38	36	41	19
3	New Hampshire	12.32	37	2	47
20	Washington	14.43	38	6	48
44	New Jersey	18.1	39	36	42
21	Maine	14.53	40	16	49
9	Vermont	13.37	41	1	46
38	Rhode Island	17	42	27	38
27	Connecticut	15.32	43	13	35
10	Maryland	13.64	44	8	31
48	Alaska	20.69	45	25	50
11	Oregon	13.89	46	10	43
18	Massachusetts	14.38	47	9	45
39	California	17.19	48	34	37
46	New York	18.38	49	37	34
5	Hawaii	12.98	50	14	40

Source: <https://www.creditkarma.com/insights/t/best-states-to-retire#overall-best-and-worst-states-for-retirement-in-2021>

The Best States for Retirement

Rank	State	Cost Of Living	Quality	Healthcare	RL Rating
1	Hawaii	0.33	0.88	0.38	5.9
2	California	0.4	0.47	0.33	4.67
3	New Jersey	0.44	0.74	0.37	4.81
4	New York	0.44	0.43	0.45	3.4
5	Oregon	0.49	0.48	0.28	5.04
6	Delaware	0.52	0.56	0.13	8.12
7	Maine	0.55	0.61	0.32	5.47
8	Connecticut	0.56	0.75	0.39	3.25
9	Vermont	0.56	0.58	0.32	3.4
10	Rhode Island	0.56	0.49	0.31	2.3
11	Massachusetts	0.57	0.64	0.56	7.08
12	Montana	0.59	0.51	0.29	6.8
13	Wisconsin	0.62	0.54	0.26	6.82
14	Minnesota	0.62	0.51	0.25	4.73
15	New Mexico	0.63	0.28	0.25	3.65
16	Arizona	0.64	0.48	0.17	8.75
17	Alaska	0.64	0.67	0.4	3.7
18	Kansas	0.64	0.41	0.26	4.8
19	Colorado	0.64	0.17	0.28	5.63
20	Arkansas	0.65	0.32	0.17	8.8
21	Virginia	0.65	0.6	0.25	6.87
22	West Virginia	0.66	0.44	0.3	8.58
23	South Carolina	0.66	0.42	0.22	8.25
24	Tennessee	0.66	0.42	0.22	7.57
25	Louisiana	0.66	0.2	0.37	6.84
26	Idaho	0.67	0.42	0.11	9.38
27	Ohio	0.67	0.43	0.26	6.97
28	Iowa	0.67	0.46	0.18	5.24
29	Nebraska	0.67	0.46	0.28	3.43
30	North Carolina	0.68	0.42	0.18	7.63
31	Mississippi	0.68	0.2	0.27	6.3
32	Kentucky	0.7	0.36	0.3	6.49
33	Washington	0.7	0.59	0.26	6.14
34	Indiana	0.7	0.42	0.2	5.53
35	Georgia	0.71	0.32	0.13	7.45
36	Michigan	0.71	0.48	0.26	5.74
37	Maryland	0.71	0.51	0.38	5.13
38	Alabama	0.72	0.34	0.21	7.91
39	Missouri	0.73	0.42	0.25	8.02
40	Illinois	0.73	0.45	0.32	2.38
41	Oklahoma	0.74	0.31	0.51	5.19
42	Utah	0.74	0.49	0.18	6
43	Pennsylvania	0.75	0.5	0.35	7.52
44	New Hampshire	0.77	0.64	0.29	7.86
45	Nevada	0.78	0.39	0.15	9.12
46	Wyoming	0.78	0.62	0.34	7.4
47	North Dakota	0.79	0.42	0.23	3
48	Florida	0.82	0.74	0.2	8.48
49	Texas	0.82	0.6	0.18	8.64
50	South Dakota	0.83	0.45	0.41	6.5

Source: <https://www.retirementliving.com/best-and-worst-states-for-retirement#the-worst>