



One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpmd
facebook.com/aarpmd

HB 420 Retirement Tax Elimination Act of 2022
Support
House Ways and Means Committee
February 23, 2022

Good afternoon Chair Atterbeary and members of the House Ways and Means Committee. My name is Tammy Bresnahan. I am the Director of Advocacy for AARP MD. AARP Maryland is one of the largest membership-based organizations in the State, with almost 870,000 members. AARP is the largest nonprofit, nonpartisan organization representing the interests of Americans age 50 and older and their families. Key priorities of our organization include helping all Marylanders achieve financial and health security. AARP MD and its almost 870,000 members support **HB 420 Retirement Tax Elimination Act of 2022**.

HB 420 Retirement Tax Reduction Act of 2022 eliminates 100% of state retirement taxes by 2026 for all retirees. HB 420 will phase in beginning tax year 2022. Those eligible for tax elimination must be at least 65 years old, must receive social security and must not be working full time.

AARP is working hard to strengthen retirement security for all Americans by ensuring that workers and retirees have access to their hard earned and hard saved dollars. In a recent survey of over 1700 AARP Maryland members, 60 percent responded that maintaining their retirement savings should be an AARP legislative priority.

AARP Maryland believes states should increase the progressive nature of their income tax systems. This can be done through such means as exempting from state tax rolls people with income below the poverty line; adjusting personal exemptions, standard deductions, credits, tax rates, and brackets; and indexing tax parameters for inflation.

The rising cost of essential necessities, including groceries, utilities, and prescription drugs, is of significant concern for millions of Marylanders, especially for older and retired Marylanders living on fixed incomes. In fact, according to an AARP study, in 2017, 22% of Maryland residents stopped taking medication as prescribed due to rising costs.

Older Marylanders on fixed incomes clearly feel the effects of inflation more than the rest of us. These retirees bear a disproportionate brunt of drug and medical inflation, which is significantly higher than overall inflation.

Maryland's retirees currently pay federal income taxes, as well as significant state and local income taxes, and motor fuel taxes, sales taxes, and property taxes. A vast number of older

Marylanders also fully support or contribute financially to the well-being of their children and grandchildren, as well as act as primary caregivers to their parents and spouses. They also feel that they have limited options for rejoining the workforce and virtually no time horizon to increase their savings.

Reducing taxes on retirement income will provide Maryland's retirees with extra dollars to care for their loved one's needs and help with food, housing, transportation and medical costs. AARP strongly believes that all individuals have the right to be self-reliant and live with dignity in retirement.

AARP Maryland respectfully requests a favorable report for HB 420.

For questions or additional information, please feel free to contact Tammy Bresnahan, State Director of Advocacy at tbresnahan@aarp.org or by calling 410-302-8451.