

**SB 83\_ARMY ALLIANCE\_FAV.pdf**

Uploaded by: Bryson Popham

Position: FAV

# Bryson F. Popham, P.A.

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January 19, 2023

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

RE: Senate Bill 83- 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. With respect to the provisions of Senate Bill 83 that propose to affect the taxable treatment of military retirement income, the bill is identical to Senate Bill 130 from 2022. We should remind the Committee that Senate Bill 130 passed out of the Senate but failed to advance in the House Ways and Means Committee. We hope the outcome this year will be different.

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 a number of such military installations in our State. APG and the defense community in the surrounding area are the largest employer in Northeastern Maryland.

With respect to the military retirement income taxation provisions in Senate Bill 83, we wish to draw the Committee's attention to the language on page 2, line 25 of the bill. This 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.

There is an additional issue in 2023 of which the Committee should be aware. In our federal legislature, where the Army Alliance also maintains an active advocacy role, the current debate in the House of Representatives over whether, and under what terms, to enact an increase in our national debt ceiling has involved all segments of federal spending, including our defense budget. We do not know, and make no prediction, on the outcome of that debate. We should point out, however, that the subject of military base closures, last seen in the early part of this century, has been revived by some House members. We also know that our military leaders closely monitor the activities of states in which military installations are located, and states that actively support our national defense with the adoption of appropriate policies have an advantage in this ongoing evaluation.

The defense industry is perhaps Maryland's largest industry. We are fortunate, as a small state, to have the legacy and the continuing development of installations such as the 100+ year history of Aberdeen Proving Ground as a primary research center for the United States Army. We urge the members of this Committee and this General Assembly to acknowledge the importance of the defense industry and installations like APG. We likewise encourage you to demonstrate your support for this vitally important activity with the passage of Senate Bill 83. Lastly, we note that the military retirement taxation provisions in the bill represent a modest and incremental change to our State tax policy – easily absorbed by our State economy. APG itself is the largest employer in Northeast Maryland. Other military installations enjoy that status in other regions of the State. Senate Bill 83 is truly an opportunity for the General Assembly to send a long-needed message about our support for the defense industry and for the military installations that call Maryland home. The people who continue to serve our country in this industry, and who wish to remain in Maryland to do so, need the encouragement of elected officials in the form of this legislation. We respectfully request that you demonstrate that encouragement and that support.

For these reasons, the Army Alliance respectfully requests a favorable report on Senate Bill 83.

Very truly yours,

A handwritten signature in cursive script that reads "Bryson Popham". The signature is written in black ink and is positioned above the printed name.

Bryson F. Popham

cc: Tony Lisuzzo, President, Army Alliance  
Jill McClune, Past President, Army Alliance  
Lisa Swoboda, Senior Director, Office of Military & Federal Affairs Maryland

# **SB 83 Income Tax Subtraction Modification.pdf**

Uploaded by: Denise Riley

Position: FAV



A Union of Professionals  
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Kenya Campbell  
PRESIDENT

LaBrina Hopkins  
SECRETARY-TREASURER

**Written Testimony Submitted to the  
Maryland Senate Budget & Taxation Committee  
SB 83 - Income Tax Subtraction Modification –  
Military and Public Safety Retirement Income  
January 19, 2023**

**SUPPORT**

Chair Guzzone and members of the Budget and Taxation Committee – on behalf of the 20,000 members of the American Federation of Teachers – Maryland (AFT-Maryland) and our affiliate unions, we ask for a favorable report on SB 83 - Income Tax Subtraction Modification – Military and Public Safety Retirement Income.

This is an important bill for workers because it will help ensure a secure and dignified retirement; to recruit and retain good personnel; and put money back into the state and local communities.

Correctional officers, police, and fire fighters cannot be expected to stay on the job into their 60s. The physical, mental, and emotional toils of the job often require them to retire earlier than most other professions. This can leave a tremendous financial burden on our Hometown Heroes and their families and can lead to a less dignified retirement.

In addition, it is getting more difficult to recruit and retain good officers. Competitive salaries and benefits are needed to keep good people on the job in our state. The long-term cost of this bill could be offset by the immediate funds needed to recruit and train new personnel.

Finally, keeping retirees in the state after retirement is important. Their contributions to communities are needed. The money the retirees save on taxes would be pumped back into the local economies. According to the National Institute of Retirement Security, for every \$1 a retiree spends it creates \$1.98 in economic activity. We urge a favorable report on SB 83.

**MTA Favorable SB83 1-19-2023.pdf**

Uploaded by: Jenna Massoni

Position: FAV



# M a r y l a n d Troopers Association



INCORPORATED 1979

January 19, 2023

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

**RE: SB 83- 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 83 and request a favorable report.

Brian Blubaugh  
President  
Maryland Troopers Association

**Member of National Troopers Coalition**  
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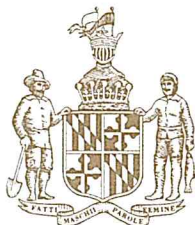
# **SB83JacksonTestimony.pdf**

Uploaded by: Michael Jackson

Position: FAV



**MICHAEL A. JACKSON**  
*Legislative District 27*  
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Budget and Taxation Committee

*Subcommittees*

Chair, Pensions

Public Safety, Transportation, and  
Environment

**THE SENATE OF MARYLAND**  
ANNAPOLIS, MARYLAND 21401

*District Office*  
250 Merrimac Court  
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## ***TESTIMONY - SENATE BILL 83***

### ***INCOME TAX SUBTRACTION MODIFICATION – MILITARY AND PUBLIC SAFETY RETIREMENT INCOME***

#### ***BUDGET AND TAXATION COMMITTEE***

***JANUARY 19, 2023***

Chair Guzzone, Vice Chair Rosapepe and Fellow Committee Members:

Senate Bill 83 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 83.**

# **SB 83 testimony.pdf**

Uploaded by: Robert Phillips

Position: FAV

# MARYLAND STATE FIREMEN'S ASSOCIATION

REPRESENTING THE VOLUNTEER FIRE, RESCUE, AND EMS PERSONNEL OF MARYLAND.



**Robert P. Phillips**

**Chairman**

Legislative Committee

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## **SB 83: Income Tax Subtraction Modification – Military and Public Safety Retirement Income**

My name is Robert Phillips and I am the Legislative Committee Chairman for the Maryland State FireFighters Association (MSFA)

I wish to present testimony in favor of **Senate Bill 83: Income Tax Subtraction Modification – Military and Public Safety Retirement Income**

This bill will increase the income tax subtraction of the retirement income from a person who has retired from the fire service. This is a needed tool to assist in keeping our public safety officers employed as such through their retirement

I thank the committee for their time and attention to this important bill and ask that you vote favorable on Senate Bill 83.

I will now be glad to answer any questions, or my contact information is listed above and welcome any further inquiries you might have.

**SB0083-BT\_MACo\_OPP.pdf**

Uploaded by: Kevin Kinnally

Position: UNF



## Senate Bill 83

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

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: January 19, 2023

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, enabling 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.