

**SB 553\_MDCC\_Keep Our Heroes Home Act\_FAV.pdf**

Uploaded by: Andrew Griffin

Position: FAV



**LEGISLATIVE POSITION:**

**Favorable**

**Senate Bill 553 – Keep Our Heroes Home Act**

**Senate Budget and Taxation Committee**

**Wednesday, March 1, 2023**

Dear Chairman Guzzone and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,400 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

Senate Bill 553 increases the subtraction modification for retired military income received by individuals, regardless of their age, under the Maryland tax code. Under the current tax code, military retirees under the age of 55 can subtract the first \$5,000 of their military income and military retirees over 55 are allowed to subtract the first \$15,000 of their military income from their adjusted gross income. This legislation would serve increase the subtraction for all military retirees, regardless of age, to \$25,000 for 2023 and \$40,000 starting in 2024.

Supporting veterans is of utmost importance to the Maryland Chamber and something that needs to be more top of mind for employers. The wealth of knowledge and skills that veterans have from their time in the military is unmatched. Military retirees hold a great deal of knowledge that they pass on to any number of potential employers and are often found continuing their legacy of service by volunteering for Maryland’s charities and schools.

Maryland benefits greatly from the retention of these individuals and this legislation provides our state with a golden opportunity to properly honor those who have served in our armed forces. Allowing an increased subtraction modification will allow us to not only reward military retirees for their sacrifices but allow them to continue their legacy of service at home in Maryland.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **Favorable Report** on **SB 553**.

MDCHAMBER.ORG

60 West Street, Suite 100, Annapolis 21401 | 410-269-0642

# **Senate Bill 553 Sponsor Testimony.docx.pdf**

Uploaded by: Brad Fallon

Position: FAV

**STATE OF MARYLAND  
OFFICE OF THE GOVERNOR**



**WES MOORE,  
GOVERNOR**

STATE HOUSE  
100 STATE CIRCLE  
ANNAPOLIS, MARYLAND 21401-1925  
(410) 974-3901  
(TOLL FREE) 1-800-811-8336

TTY USERS CALL VIA MD RELAY

Chair Guzzone, Vice Chair Rosapepe, Members of the Budget and Taxation Committee,

On behalf of Governor Moore, I respectfully ask the Committee for a favorable report on Senate Bill 553, the Keep Our Heroes Home Act. This proposal expands the tax exemption for veteran retirement income from its current, uncompetitive amount up to \$25,000 in 2023 and \$40,000 in 2024 and each year thereafter for all recipients. Altogether, this bill is estimated to save veteran families \$30 million annually. But while those savings are meaningful to the lives of these public servants and their families, the true impact of this proposal can't fully be reflected in dollars and cents.

The Moore-Miller Administration is firmly committed to bolstering Maryland's competitiveness, not just for companies, but for the people that enhance our communities. As is evident when you engage with the veterans community, veterans continue to serve long after they retire from military service. Veterans start small businesses, serve on boards, and bring their talents to companies that are driving Maryland's economy forward. They start families, make friends, and build their lives here in Maryland—but we're losing them to other states. That's because Pennsylvania, West Virginia, New Jersey, and thirty-three other states do not tax military retirement. Although Virginia does not completely exempt military pensions from taxation, the state just recently increased its exemption to \$40,000 beginning in 2025. Veterans are a highly-skilled and sought-after workforce, and states across the nation have recognized the need to keep them home.

The investments proposed in this bill are investments in our business community, our workforce, and the social fabric of our state. With Maryland's economy so tied to military installations, other government facilities, and the businesses activity that they spur, we cannot afford to lose out on keeping them home. In order to thank those who have served to the benefit of us all, I respectfully ask the committee for a favorable report on Senate Bill 553, the Keep Our Heroes Home Act.

Sincerely,

Brad Fallon  
Deputy Legislative Officer

# **SB0553 -- Income Tax - Subtraction Modification fo**

Uploaded by: Brian Levine

Position: FAV



**Senate Bill 553 -- *Income Tax - Subtraction Modification for Military Retirement Income*  
(*Keep Our Heroes Home Act*)  
Senate Budget and Taxation Committee  
March 1, 2023  
Support**

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, supports Senate Bill 553 -- *Income Tax - Subtraction Modification for Military Retirement Income (Keep Our Heroes Home Act)*.

Senate Bill 553 enhances the existing military retirement income tax subtraction modification by increasing, to \$25,000 for tax year 2023 and \$40,000 for tax year 2024 and beyond, the maximum amount of military retirement income that may be exempted from Maryland income tax, regardless of the individual's age. Current law allows individuals aged 55 or older to exempt up to \$15,000 while those are under 55 may exempt \$5,000.

MCCC supports incentives that seek to keep retirees here in Maryland, and in particular working military veterans. This has been a longtime MCCC priority, most notably through efforts of the Montgomery County Chamber Community Foundation's (MCCCF) Veterans Institute for Procurement (VIP) program.

The VIP program is the first free training program for Service-Disabled Veteran-Owned Small Businesses and Maryland Veteran-Owned Small Businesses. Veteran-Owned company "C-level" executives receive 27 hours of comprehensive instruction on how to accelerate their federal government contracting business skills. Over three days, subject matter experts from industry and government provide best business practice strategies and instruction. Most of the executives who graduate from the VIP program are retired military veterans who reside in Maryland.

Maryland's incentives for military retirees to remain here are not competitive with other states. Most other states already exempt military retirement income from their state's taxes. It is imperative that Maryland better compete for military veterans by offering competitive incentives to remain here after retirement, particularly those that will continue working and bring a tremendous entrepreneurship to our State's economy. In turn, keeping more veterans here in Maryland will benefit Maryland's tax base, create jobs, and grow economic activity in the future.

**For these reasons, the Montgomery County Chamber of Commerce supports Senate Bill 553 and respectfully requests a favorable report.**

*The Montgomery County Chamber of Commerce, on behalf of our nearly 500 members, advocates for growth in business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and a proud Montgomery County Green Certified Business.*

*Brian Levine | Vice President of Government Affairs  
Montgomery County Chamber of Commerce  
51 Monroe Street | Suite 1800  
Rockville, Maryland 20850  
301-738-0015 | [www.mcccmd.com](http://www.mcccmd.com)*

# **Maryland Military Coalition Written Testimony SB 5**

Uploaded by: DAVID Dragics

Position: FAV



# MARYLAND MILITARY COALITION

*Serving Veterans through Legislative Advocacy*

March 1, 2023

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

Subject: **Request for FAVORABLE Report** – SB 553 - Subtraction Modification for Military Retirement Income (Keep Our Heroes Home Act)

Dear Chair Guzzone and distinguished members of the Budget and Taxation Committee:

On behalf of the members of the Maryland Military Coalition (MMC) and as its Legislative Director, I write to recommend a **FAVORABLE report** by the Committee on SB 553, Subtraction Modification for Military Retirement Income (Keep Our Heroes Home Act), sponsored by President Bill Ferguson by request of Governor Moore and by Senator Michael A. Jackson (District 27). This bill will, over the next two years, raise the amount of military retirement income received by individuals that can be exempted from the Maryland income tax regardless of age.

This bill will make Maryland more competitive with surrounding states by incentivizing military retirees to remain here after retiring from active duty. The MMC strongly supports this bill for the following reasons:

- Most military retirees range in age from their early 40s to early 50s, depending upon the number of years of service. Many will work in civilian jobs for up to 25 years — second careers with income that would be *fully taxable*. By retaining military retirees in the state and increasing the exemption of their military retirement income, the state can gain tax revenue from their civilian jobs, offsetting the cost of full exemption of military retired pay.
- As of January 31, 2023, there were 51,835 military retirees in Maryland, receiving approximately \$1.968 billion in retirement income annually.<sup>1</sup> The number of military retirees has declined by 985 since the end of 2019 (see Attachment 1) and by 421 since the end of 2021. This bill, if passed and signed into law, will serve to help reverse this trend.

---

<sup>1</sup> <https://actuary.defense.gov/>

- For Tax Year 2023, three of the four states contiguous to Maryland either fully exempt military retirement income with no age restriction (Pennsylvania, West Virginia) or exempt more than Maryland (Virginia--\$20,000 for 55 and older). Exempting \$25,000 of military retirement income this year, *regardless of age*, and \$40,000 in Tax Year 2024 will exceed that of the Commonwealth of Virginia, making Maryland a more attractive residency option for those retiring from active duty.

SB 553 is a positive step in the right direction, moving our state closer to the 38 other states that currently fully exempt military retirement income from their state income tax (see Attachment 2). The MMC member organizations strongly support not only this legislation but also Governor Moore's aspirational goal of exempting 100 percent of military retirement income—sooner after 2024 rather than later—so that, as he stated, “Maryland should be no state’s farm team.”<sup>2, 3</sup>

The Maryland Military Coalition **strongly supports** SB 553 and asks for a **FAVORABLE** report from the Budget and Taxation Committee. Raising the exemption of military retirement income from the state income tax to \$40,000 over the next two years, regardless of age, recognizes the value of the contributions military retirees can and will make to this state’s future growth.

The Maryland Military Coalition is a registered non-profit, non-partisan advocacy organization comprised of prominent Maryland-based veteran and military groups, representing over 150,000 service-connected individuals, including those currently serving, veterans, retirees and their families, caregivers, and survivors.

We want to thank Governor Moore for his commitment to our veterans and to President Ferguson and Senator Michael Jackson for sponsoring this legislation and their strong, support of the uniformed services community in Maryland.

Respectfully,



David L. Dragics  
COL USA (Ret)  
Legislative Director

Attachments (2)

---

<sup>2</sup> <https://governor.maryland.gov/press/pages/Governor-Wes-Moore-Delivers-His-First-State-of-the-State-Address.aspx#:~:text=ANNAPOLIS%2C%20MD%E2%80%94%20Today%2C%20Governor,to%20put%20them%20before%20ourselves.>

<sup>3</sup> Maryland Needs to Create an Attractive Tax Environment for Military Retirees, Tom Jurkowsky, Capital Gazette, February 7, 2023, <https://www.capitalgazette.com/opinion/columns/ac-ce-tom-jurkowsky-military-retirees-20230207-c7irntcfgrdbpl2c6zgun6mxcu-story.html>

**Member Organizations, Maryland Military Coalition**

James P. Monahan  
**Air Force Sergeants Association**

John S. May  
**American Military Society**

Elwood R. Raphael Gray  
**American Minority Veterans Research Project**

W. A. A.  
**Association of the United States Navy**

Lynn A. Gask  
**Commissioned Officers Association of the  
US Public Health Service**

Wilbert B. Fisher  
**Disabled American Veterans**

William H. Greding  
**Distinguished Flying Cross Association**

Patrick J. Grubbs  
**Fleet Reserve Association**

Ernie A. Buttrick  
**Jewish War Veterans of the USA**

Steve L. Bloodwin  
**Maryland Air National Guard Retirees'  
Association**

Robert J. Worton  
**Military Officers Association of America**

Charles E. Speltz  
**Military Order of the Purple Heart**

[Signature]  
**Montford Point Marines of America**

M. L. Meser  
**National Association for Black Veterans**

Michael P. Huy  
**Naval Enlisted Reserve Association**

Christian Andreasen  
**NOAA Association of Commissioned Officers**

[Signature]  
**Reserve Organization of America**

Catherine L. McEraw  
**Society of Military Widows**

M. Blackwell  
**Veterans of Foreign Wars**

## Military Retirees and Survivors Maryland -- 2017 to 2023

As of 12/31	Total DoD Retired Receiving Pay from DoD	Total DoD Retired with VA Offset	Total Monthly Pay (\$1000)	Total Annual Pay (\$1000)	Total Survivors	Survivors with DIC Offset	Monthly Pay	Total Annual Pay (\$1000)	Total Retired & Survivors	Annual Change	Retiree Average Annual Pay (\$1000)	Survivor Average Annual Pay (\$1000)
2017	52,673	15,127	\$134,209	\$1,610,508	6,662	1,238	\$7,973	\$95,676	59,335		\$30,576	\$14,361
2018	52,728	14,989	\$138,655	\$1,663,860	6,515	1,223	\$7,982	\$95,784	59,243	(92)	\$31,556	\$14,702
2019	52,820	14,773	\$141,768	\$1,701,216	6,477	1,218	\$8,006	\$96,072	59,297	54	\$32,208	\$14,833
2020	52,666	14,530	\$143,611	\$1,723,332	6,551	1,275	\$8,156	\$97,872	59,217	(80)	\$32,722	\$14,940
2021	52,256	13,991	\$151,696	\$1,820,352	6,479	1,275	\$8,813	\$105,756	58,735	(482)	\$34,835	\$16,323
1/31/2023	51,835	12,788	\$163,980	\$1,967,760	6,348		\$10,168	\$122,016	58,183	(552)	\$37,962	\$19,221

-1.86% 2019 -2023 change: (985)

Change from 2017 to 2023: (1,152)

-1.9%

The monthly amount of retired pay (in \$1,000) is the amount prior to deductions for tax withholdings and other allotments, but after deductions for Survivor Benefit Plan premiums, waivers/offsets from compensation/award received from the U.S. Department of Veterans Affairs (VA), etc.

Retirees with a VA waiver/offset are those with reduced DoD retired pay due to a VA compensation/award, i.e., after "Concurrent Receipt: benefits are paid.

Retiree and Survivor pay only includes payments from DoD. Payments from the VA for disability compensation/award or Dependency and Indemnity Compensation (DIC) are not included here. Due to NDAA 2020, the DIC offset to Survivor Pay is being phased out over the next year. (Footnote to 12/31/21 data)

Source: <https://actuary.defense.gov/>

Military Retirement subheading; dropdown menu: Congressional Districts Reports, 2017-2023



# **HB 553 Speech.pdf**

Uploaded by: Gloria Dent

Position: FAV

Chair Atterbury, Vice Chair Wilkins, Members of the Ways and Means Committee, my name is Gloria Dent. After 27 years in the Army 4 combat tours and numerous operational deployments, I retired as a Command Sergeant Major, the highest grade as an enlisted member of our military. I come before you today to ask for your favorable support of Senate Bill 553, the Keep Our Heroes Home Act.” I am married to retired CSM Kennis Dent who served 34 years in the Army and we are the owners of Genergi Logistics, a small business that provides just in time logistics from the Port of Baltimore throughout the United States. Our workforce is very diverse, and it includes disabled veterans, returning citizens and military spouses.

After serving in the most elite force in our Military-the US Army, I spent my next 10 years as a federal employee. I can honestly say that my last position in the federal government was also my most rewarding career. From 2017-2021, I worked for the US AbilityOne Commission in a congressionally mandated position where I was directed responsible for leveraging the federal procurement system to identify defense industry procurement opportunities that could potentially employ our wounded, ill, and injured warriors. This initiative allows the men and women that have worn the cloth of our Nation to continue to serve within their community, within their state. This unique position afforded me the opportunity

to see the impact our veterans are making in their communities and moreso, making to the employer. Maryland and Virginia were among my top employers that were seeking veterans but consistently lost the battle to Florida, Texas and Pennsylvania. Why because, their retirement benefits were not taxed. The veterans I served were highly sought after for their networking capabilities, problem-solving expertise, teaming experience, reliability, and above all, their commitment to high performance.

In 2019, my husband and co-founded iCommunity Connection Services, Inc, a Maryland community-based 501(c)3 nonprofit organization with extensive expertise in navigating VA benefits and entitlements, processing applications for VA claims, and connecting veterans and family members of veterans to resources in their community. Our efforts in helping veterans access these benefits contributed to over \$10 billion dollars paid out by the federal government for Compensation claims, housing loans, education, and other benefits in Maryland in according to the VA's State by State Compensation and Pension Report for 2022. The economical impact that veterans will have on our state is worthy of this favorable tax deduction and I hope you will support this bill so many more Veterans call veteran home.

Thank you for the opportunity.

**2023-03-01 SB553 Support.pdf**

Uploaded by: Hannibal Kemerer

Position: FAV

**ANTHONY G. BROWN**  
*Attorney General*



**CANDACE McLAREN LANHAM**  
*Chief of Staff*

**CAROLYN A. QUATTROCKI**  
*Deputy Attorney General*

**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**

FACSIMILE NO.  
(410) 576-7036

WRITER'S DIRECT DIAL NO.  
(410) 576-6584

March 1, 2023

**TO:** The Honorable Guy Guzzone  
Chair, Budget and Taxation Committee

**FROM:** Hannibal G. Williams II Kemerer  
Chief Counsel, Legislative Affairs, Office of the Attorney General

**RE:** SB553 – Income Tax – Subtraction Modification for Military Retirement  
Income (Keep Our Heroes Home Act) (**Support**)

---

The Office of the Attorney General requests a favorable report on Senate Bill 553, Governor Moore's Keep Our Heroes Home Act. This firmly bi-partisan legislation expands the existing tax exemption for military retirement income. Currently, Maryland's exemption allows retirees under the age of 55 to exempt up to \$5,000 of military retirement income and retirees over the age of 55 to exempt up to \$15,000. This legislation would eliminate the age distinction and allow for the exemption of up to \$25,000 in tax year 2024 and up to \$40,000 in tax year 2025 and each year thereafter. Maryland is one of only a handful of states that still taxes military retirement income, and this bill is intended to make our state more appealing to highly skilled and sought after military retirees who will have second careers in key industries across the state. Maryland's high-tech industries face workforce challenges and we cannot afford to lose workers with specialized and in-demand skills.

For the foregoing reasons, the Office of the Attorney General urges a favorable report on Senate Bill 553.

cc: Committee Members

This bill letter is a statement of the Office of Attorney General's policy position on the referenced pending legislation. For a legal or constitutional analysis of the bill, Members of the House and Senate should consult with the Counsel to the General Assembly, Sandy Brantley. She can be reached at 410-946-5600 or [sbrantley@oag.state.md.us](mailto:sbrantley@oag.state.md.us).

# **Testimony, SB 553, March 1st, 2023.pdf**

Uploaded by: John Church

Position: FAV



One Park Place, Suite 475 | Annapolis, MD 21401-3475 | 1-866-542-8163 | Fax: 410-895-0269 | TTY: 1-877-434-7598  
aarp.org/md | md@aarp.org | twitter: @aarpmid  
facebook.com/aarpmid

HB 553 Income Tax Subtraction Modification – Military Retirement Income (Keep Our  
Heroes Home Act)  
Budget and Taxation Committee  
SUPPORT  
1 March 2023

Good Afternoon Chairman Guzzone and Members of the Budget and Taxation Committee. I am John Church, a retired 30-year United States Air Force Veteran, and a 35-year resident of Anne Arundel County. AARP Maryland is one of the largest membership-based organizations in the state, encompassing over 850,000 members. **AARP MD supports HB 554 Income Tax Subtraction Modification – Military Retirement Income (Keep Our Heroes Home Act).** We thank The Administration and others for sponsoring this bill.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.

Senate Bill 553 would greatly benefit retired veterans over the age of 55. I currently take home \$55,347.45 in military retirement pay. By raising the retirement income subtraction to \$40,000, retired veterans in my pay-band would be taking home \$63,940. A retired 42-year-old E8, after serving 24 years in the military currently takes home just \$30,000 a year<sup>1</sup>. This retirement income subtraction would completely change the lives of retirees within this bracket. That money could be spent towards paying for schooling of their children, or securing housing within the state of Maryland, which is currently the 6<sup>th</sup> most expensive state to live in <sup>2</sup>. By increasing the retirement income subtraction, the average retired veteran will have an increased level of financial freedom, taking some burden off of government programs and institutions, such as the VA.

With roughly 377,000 veterans living within the state of Maryland<sup>3</sup>, and 55,793 <sup>4</sup> of which receiving a military pension, there will be a measurable impact of the increased amount of money that each veteran receiving military retirement pay would inject into the local

---

<sup>1</sup> <https://militarypay.defense.gov/Pay/Retirement/E8with24years/>

<sup>2</sup> <https://www.gobankingrates.com/money/economy/most-expensive-states-to-live-in/>

<sup>3</sup> <https://msa.maryland.gov/msa/mdmanual/01glance/html/veterans.html>

<sup>4</sup> <https://actuary.defense.gov/Portals/15/MRS%20StatRpt%202021%20v999.pdf?ver=7Hb16i-hNc1PVL4T3rtyxA%3d%3d>

economies. Roughly 61% of these military retirees are under the age of 65 and able to rejoin the workforce outside of the military<sup>5</sup>.

In addition to the immediate benefits that the state would see by passing this bill, there would-be long-term benefits as well. If the state of Maryland were to become a more financially friendly location for military retirees, an increased retention of these retirees would be seen. This increased retention would serve to further support Maryland's economy. Working age retirees would go on to lead careers outside of the military, with fully taxable income.

AARP believes we must honor the service and acknowledge the sacrifice of our veterans. Senate Bill 553 does so, by providing greater economic viability for retired veterans and their dependents.

For these reasons, we respectfully request a favorable report for Senate Bill 553. For questions or additional information, please feel free to contact Tammy Bresnahan, Associate State Director of Advocacy at [tbresnahan@aarp.org](mailto:tbresnahan@aarp.org) or by calling 410-302-8451.

---

<sup>5</sup> *A study of Employment in the State's Defense Industry*, Prepared for the Maryland Departments of Commerce, Labor, and Veterans Affairs, 7 October 2019, Towson University Regional Economics Studies Institute ([https://mgaleg.maryland.gov/cmte\\_testimony/2020/wam/3127\\_02212020\\_11444-58.pdf](https://mgaleg.maryland.gov/cmte_testimony/2020/wam/3127_02212020_11444-58.pdf))

**MDVCC SB553 Testimonial as of 27 FEB 23-1.pdf**

Uploaded by: MAJ (RET) Emmett Roberts

Position: FAV



February 28, 2023

**SB553 – Income Tax - Subtraction Modification for Military Retirement Income  
(Keep Our Heroes Home Act)**

**FAVORABLE**

On behalf of the Maryland Veterans Chamber of Commerce (MDVCC), the MDVCC requests a FAVORABLE report for SB553. This bill increases the amount of a certain subtraction modification under the Maryland income tax for certain military retirement income received by individuals, regardless of age, for certain military service to \$25,000 for the taxable year beginning after December 31, 2022, and \$40,000 for taxable years beginning after December 31, 2023.

The MDVCC is a registered 501(c)3 organization that was formed to assist military veterans and Veteran-Owned businesses in their entrepreneurial efforts. The MDVCC was created to support and encourage military veterans, Veteran-Owned businesses, Spouse owned businesses, and their dependents throughout the State of Maryland. Veterans are more likely to be successful in entrepreneurial efforts than normal civilians. However, veterans should be afforded access funding, training, and professional networks. Connections are important for Veteran-Owned small businesses. The goal of the MDVCC is to leverage the entrepreneurial abilities of veterans while helping to foster relationships between veteran-owned businesses, commercial businesses, the community, and economy. The MDVCC strives to:

- Provide a network of veteran-owned businesses in the State of Maryland
- Provide training and learning opportunities
- Host events for both Veteran-Owned businesses and sponsors
- Provide access to a member-only area that will promote veteran owned businesses

Sincerely,

Emmett R. Roberts, Major  
US Army, Retired  
Founder / President / CEO  
Maryland Veterans Chamber of Commerce



**Email**  
in@mdvcc.org



**Phone**  
240.582.4959



**Address**  
9658 Baltimore Avenue, Suite 300  
College Park, MD 20740

**MD Catholic Conference\_FAV\_SB0553.pdf**

Uploaded by: MJ Kraska

Position: FAV



MARYLAND  
CATHOLIC  
CONFERENCE

March 1<sup>st</sup>, 2023

SB 553

**Income Tax - Subtraction Modification for Military Retirement Income (Keep Our Heroes Home Act)**

**Senate Budget & Taxation Committee**

**Position: Favorable**

The Maryland Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 553 would increase the amount of a certain subtraction modification under the Maryland income tax for certain military retirement income received by individuals, regardless of age, for certain military service and is generally related to a subtraction modification under the Maryland income tax for military retirement income.

Those who are sworn to serve their country in the armed forces are servants of the security and freedom of nations. If they carry out their duty honorably, they truly contribute to the common good of the nation and the maintenance of peace (*Catechism* 2310). Senate Bill 553 seeks to address the respect for the dignity and physical integrity of the human person; working to protect and help the veterans and their families who have bravely fought and served our state and country.

The Conference appreciates your consideration and respectfully urges a **favorable** report for Senate Bill 553.

**SB0553-BT\_MACo\_OPP.pdf**

Uploaded by: Kevin Kinnally

Position: UNF



## **Senate Bill 553**

*Income Tax - Subtraction Modification for Military Retirement Income  
(Keep Our Heroes Home Act)*

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: March 1, 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.