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**SB 319 Income Tax - Subtraction Modification - Individuals At Least 75
Years Old (Diamond Income Reduction Act)
FAVORABLE
Senate Budget and Taxation Committee
February 8th, 2023**

Good afternoon Chair Guzzone and members of the Senate Budget and Taxation 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 representing Marylanders over 50 in the State. AARP MD and its 870,000 members support **SB 319 Income Tax - Subtraction Modification - Individuals At Least 75 Years Old (Diamond Income Reduction Act)**.

As you may know, 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 strongly believes that all individuals have the right to be self-reliant and live with dignity in retirement.

SB 319 allows a taxpayer a subtraction modification that includes the first \$100,000 of income received by an individual during a taxable year if the individual is at least 75 years old on the last day of the taxable year. The bill takes effect July 1, 2023 and applies to taxable years beginning after December 31, 2022.

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 others. 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.

Thanking you for allowing us to testify in support of this bill. **AARP Maryland respectfully requests a favorable report for SB 319.** For questions or additional information, please feel free to contact Tammy Bresnahan, Director of Advocacy at tbresnahan@arp.org or by calling 410-302-8451.