



Maryland Retired School Personnel Association

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Senate Bill 0461

In Support Of

Retirement Tax Elimination Act of 2023

Budget and Taxation Committee

Hearing: March 9, 2023, 1:00 PM

Dear Honorable Senator Guy Guzzone, Chair, and Honorable Jim Rosapepe, Vice Chair, and distinguished Budget and Taxation Committee members,

The Maryland Retired School Personnel Association (MRSPA) supports SB 0461 Retirement Tax Elimination Act of 2023.

MRSPA supports SB 0461 because it is increasingly clear that Maryland needs to take steps to make the state more friendly and affordable for retirees. Maryland's retired population is increasing with a percentage seeking to move to more tax friendly states. The result of this exodus is a loss for Maryland's overall economy. Passing this bill would encourage retired Marylanders to remain, resulting in a positive economic impact due to retiree's increased spending power. The gradual increase in subtracted retirement income amounts over a five - year period, with the sixth year (2027) subtracting all an individuals' retirement income under the conditions set forth, demonstrates the bill's intent to make Maryland more friendly and affordable to retirees over time.

According to research by AARP and NRTA, 4.8% of residents in rural Maryland counties receive a pension with public pensions benefitting every jurisdiction in the state. Retiree pension spending generates \$7.5 billion in economic output for Maryland, along with \$1.5 billion in federal, state, and local taxes raised from pension spending. Additionally, 43,000 Maryland jobs are supported by public pension spending. Those 43,000 jobs result in \$2.5 billion in wages which are then taxed, and that income spent by those 43,000 people. These numbers don't include many other Maryland retirees who are not drawing a public pension, but who spend their retirement earnings in the state. This bill is a win-win for retirees and the state's economy.

On behalf of the over 12,000 members of The Maryland Retired School Personnel Association, we urge a favorable report on Senate Bill 0461. Maryland retirees are counting on you!

Sincerely,

Carla J. Duls
President

Virginia G. Crespo
Legislative Aide