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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

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<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.

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<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))