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OFFICE OF THE GOVERNOR**



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Chair Atterbeary, Vice Chair Wilkins, Members of the Ways and Means Committee,

On behalf of Governor Moore, I respectfully ask the Committee for a favorable report on Senate Bill 553 - Income Tax - Subtraction Modification for Military Retirement Income, the Keep Our Heroes Home Act. This legislation seeks to retain one of Maryland's most valuable assets, our veterans, by expanding the military pension income tax exemption. As amended, this bill would more than double this exemption for veterans under the age of 55, expanding from \$5,000 to \$12,500. The legislation would also authorize veterans over the age of 55 to increase their exemption from \$15,000 to \$20,000.

Maryland veterans are friends, neighbors, entrepreneurs, talented employees, and lifelong public servants. Unfortunately, due to Maryland's current modest military pension tax exemption, we are losing our veterans to other states in the region. This means that we are losing out on entrepreneurs who start the small businesses that drive our economy. This means that we are losing out on the service-focused friends and neighbors who act as the binding force in our social fabric. And this means that we are losing out on this talented and attractive workforce, making it harder for Maryland to leverage its natural advantages over other states in the region.

While those states are passing on the tax revenue collected directly from military pensions, they are gaining countless societal benefits as veterans stay to work, open a business, or raise a family. When it comes to bolstering our sense of community and attracting businesses with our highly trained workforce, the investments set forth in this bill will provide immediate returns.

For these reasons, the Governor's Office thanks the Committee for passing the House version of this legislation and I respectfully request a favorable report on Senate Bill 553.

Sincerely,

Brad Fallon
Deputy Legislative Officer