

MIKE GRIFFITH
Legislative District 35A
Cecil and Harford Counties

Ways and Means Committee

Subcommittees

Early Childhood

Election Law



The Maryland House of Delegates
6 Bladen Street, Room 319
Annapolis, Maryland 21401
410-841-3444 · 301-858-3444
800-492-7122 Ext. 3444
Mike.Griffith@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of H.B. 767

**Income Tax – Subtraction Modification – Military Retirement Income –
Military Pension Tax Freedom Act**

I'm requesting a favorable report on H.B. 767, the *Income Tax – Subtraction Modification – Military Retirement Income (Military Pension Tax Freedom Act)*, which will increase the subtraction modification under the Maryland income tax to provide a **total** elimination of all state income tax on military pensions. As introduced, H.B. 767 initially phased in the increase of the subtraction modification over a 5-year period but we've received, and you have before you today, a friendly amendment from the Maryland Military Coalition to decrease the 5-year phase in period, so the amendment exempts 100% starting in the 2024 tax year.

But why does this matter and why is this so incredibly important?

Maryland allows individuals receiving military retirement, including if they're a surviving spouse(s) of a veteran, to deduct the first \$5,000 from their taxable income if they are under 55 in age. The amount shifts to \$15,000 if they are 55 or older.

Although any deduction is a good deduction, our veterans and their families have sacrificed much to protect and defend the Constitution, this great nation, and our great state; they have put their lives on the line, left their families to serve, and have returned home to Maryland to start their journey again in civilian life.

Our gratitude and thankfulness can never match their level of sacrifice but at the very least, we can honor their service and desire to invest and reside in Maryland by providing the opportunity for that investment to be returned.

That is why my bill, H.B. 767, exempts the state income tax on their military-related pensions. This will allow them, and their family and loved ones, to access the full weight and investment of the pension and investment that back into the Maryland economy, whether it's supporting a small business, purchasing goods, or investing in retirement. In any avenue, not only does this provide a small token of deep appreciation for their sacrifice and service but it also supports the Maryland economy by providing an opportunity for greater investment.

In the past, we've been challenged with the prospect that many veterans, after they complete service, have chosen to live with their families outside of Maryland. We want to change that narrative. We want to encourage our veterans to return home, return to what they knew before they left for service, and grow their family, develop their business, and build their career here in

Maryland. With more than 362,000 veterans in this great state, and 38 other states already exempting taxes on military pensions, it's time Maryland steps up and invests in our veterans after they've given so much to us.

As a Marine, a veteran, and a resident of this great state, I am proud to support my brothers and sisters by sponsoring H.B. 767, the *Military Pension Tax Freedom Act*, and I respectfully request a favorable report. Thank you for your time.