



MARYLAND
CATHOLIC
CONFERENCE

February 9, 2023

HB 195

Income Tax – Subtraction Modification – Retirement Income

House Ways and Means Committee

Position: Favorable

The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

House Bill 195 attempts to include certain retirement income within a certain subtraction modification under the Maryland income tax for a certain individual who is at least a certain age or who is disabled or whose spouse is disabled. HB 195 defines what a qualified retirement plan is for purposes of the act. These include various types of specific retirement accounts. Importantly, the bill also discusses who qualifies for the tax subtraction under the purposes of this specific provision in the law. A resident must be at least 65 years old, or is totally disabled, or the resident's spouse is totally disabled, or the resident is 55 years old and is a retired forest ranger, park ranger, or wildlife ranger of the United States, the State, or a political subdivision of the State.

Just over 2 million of Maryland's 5.8 million residents are 50 or older, accounting for well over one in three Maryland residents. Maryland's cost of living is higher than the national average, and with a higher-than-average housing index, it's expected that Maryland's monthly costs of living for seniors are also more than in other states.¹ A 2019 report from the Federal Reserve found that nearly one in every four American adults have no retirement savings. With a relatively high cost of living, Maryland is also a relatively expensive state in which to retire comfortably. Goods and services in the state are 7.7% more expensive than they are on average nationwide, and the average 65-year-old should plan on spending \$1,219,120 throughout retirement, nearly \$99,000 more than the national average.² According to the CDC, there are 911,437 adults in Maryland that have a disability. This is equal to 20% of adults in Maryland.³ The research shows that it is becoming harder and more expensive to retire comfortably throughout the country, especially in Maryland. Seniors and those who are disabled are facing extremely difficult decisions in retirement. This bill will help alleviate some of those difficult choices by

¹ <https://www.seniorliving.org/maryland/>

² <https://southernmarylandchronicle.com/2022/01/15/this-is-what-it-costs-to-retire-in-maryland/>

³ <https://www.cdc.gov/ncbddd/disabilityandhealth/impacts/maryland.html>

granting an income tax subtraction in certain situations for specific individuals in Maryland. Because the Conference supports helping seniors and those who are disabled have a better quality of life, and support measures to help them have a more secure retirement, the Maryland Catholic Conference asks for a favorable report on HB 195. Thank you for your consideration.