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TO: The Honorable Vanessa Atterbear
Chair, Ways and Means Committee

FROM: Hannibal G. Williams II Kemerer
Chief Counsel, Legislative Affairs, Office of the Attorney General

RE: HB0554 – Income Tax – Subtraction Modification for Military Retirement
Income (Keep Our Heroes Home Act) (Support)

The Office of the Attorney General requests a favorable report on House Bill 554, Governor Moore's Keep Our Heroes Home Act. This firmly bi-partisan legislation expands the existing tax exemption for military retirement income. Currently, Maryland's exemption allows retirees under the age of 55 to exempt up to \$5,000 of military retirement income and retirees over the age of 55 to exempt up to \$15,000. This legislation would eliminate the age distinction and allow for the exemption of up to \$25,000 in tax year 2024 and up to \$40,000 in tax year 2025 and each year thereafter. Maryland is one of only a handful of states that still taxes military retirement income, and this bill is intended to make our state more appealing to highly skilled and sought after military retirees who will have second careers in key industries across the state. Maryland's high-tech industries face workforce challenges and we cannot afford to lose workers with specialized and in-demand skills.

For the foregoing reasons, the Office of the Attorney General urges a favorable report on House Bill 554.

cc: Committee Members

This bill letter is a statement of the Office of Attorney General's policy position on the referenced pending legislation. For a legal or constitutional analysis of the bill, Members of the House and Senate should consult with the Counsel to the General Assembly, Sandy Brantley. She can be reached at 410-946-5600 or sbrantley@oag.state.md.us