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HB 767 Income Tax Subtraction Modification – Military Retirement Income (Military Pension Tax Freedom Act)  
Ways and Means Committee  
SUPPORT  
23 February 2023

Good Afternoon Chairman Atterbeary and Members of the Ways and Means Committee. I am David Webber, Veteran, and resident of Annapolis, Maryland. AARP Maryland is one of the largest membership-based organizations in the state, encompassing over 850,000 members. **AARP MD supports HB 767 Income Tax Subtraction Modification – Military Retirement Income (Military Pension Tax Freedom Act).** We thank delegate Griffith 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.

House Bill 767 would greatly benefit retired veterans throughout the state. By incrementally increasing the retirement income subtraction, the average retired veteran will have an increased level of financial freedom, taking some burden off government programs and institutions, such as the VA. With roughly 377,000 veterans living within the state of Maryland<sup>1</sup>, and 55,793<sup>2</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 economies. Incrementally stepping up the amount the subtraction modification is implemented allows an adjustment period for loss of revenue that may be felt in different areas of the state. Roughly 61% of these military retirees are under the age of 65 and able to rejoin the workforce outside of the military<sup>3</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

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<sup>1</sup> <https://msa.maryland.gov/msa/mdmanual/01glance/html/veterans.html>

<sup>2</sup> <https://actuary.defense.gov/Portals/15/MRS%20StatRpt%202021%20v999.pdf?ver=7Hb16i-hNc1PVL4T3rtyxA%3d%3d>

<sup>3</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))

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. House Bill 767 does so, by providing greater economic viability for retired veterans and their dependents.

For these reasons, we respectfully request a favorable report for House Bill 767. 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.

