



MARYLAND SOCIETY OF ACCOUNTING AND TAX PROFESSIONALS

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**To: Budget and Taxation**

**From: The Maryland Society of Accounting and Tax Professionals**

**Re: SB 346**

**Contact Person: Giavante' Hawkins**

**Position: IN FAVOR**

**Income Tax - Subtraction Modification - Military Retirement Income**

I write today on behalf of the Maryland Society of Accounting and Tax Professionals (MSATP), representing over 2,000 accounting and tax professionals serving hundreds of thousands of Maryland taxpayers. We strongly support Senate Bill 346 to steadily expand the existing military retirement income tax subtraction modification over the next three tax years.

Under current law, military retirees face an unfair tax liability compared to other Maryland retirees, such as state and local government retirees. Those under 55 years old can only exempt \$12,500 while older retirees can exempt up to \$20,000. This bill would increase that exemption to \$20,000 for all military retirees starting next year, eventually exempting 100% of military pension income entirely by Tax Year 2026.

Our member professionals frequently see the obstacles this presents in attracting and retaining veterans to settle in Maryland post-retirement. For many, it is cost-prohibitive, and they move to more military retirement-friendly states nearby. However, Maryland has an opportunity to lead in our region by making veterans feel welcomed and able to affordably retire here.

Additionally, reduced income taxes put more disposable income back into veterans' pockets to spend at local small businesses, raising revenues for local retail shops, restaurants, professional services, and countless other enterprises. More resident veterans also expand Maryland's tax base over time. And some entrepreneurial retirees may start small businesses themselves, hiring local residents.

As tax practitioners working with military families, we encourage you to consider Senate Bill 346 favorably to enact a full income tax subtraction on military pensions. This will support those who served our country while providing an economic boost with more veterans living, working, and spending their benefits to help Maryland small businesses thrive.

We are happy to serve as a resource to the Committee on this important effort.

Thank you for your consideration.

*Giavante Hawkins*

