



LEGISLATIVE POSITION:

Favorable

House Bill 713 – Income Tax - Subtraction Modification for Military Retirement Income - Individuals Under the Age of 55

House Ways and Means Committee

Thursday, February 15, 2024

Dear Chairwoman Atterbeary and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

House Bill 713 increases the amount of a subtraction modification from \$12,500 to \$20,000 under the Maryland income tax for military retirement income for individuals who are under the age of 55 years beginning after December 31, 2023.

Maryland is home to many military individuals and families, housing 20 military facilities and 11 military bases. When service members retire from the military, typically between their mid 30s – mid 50s, they often take on jobs and contribute to the workforce. Military retirees fill important gaps in our workforce like IT, healthcare, cybersecurity, and defense. A lot of these jobs are higher paying as well. However, because Maryland is one of 11 states and DC that currently tax a portion of military retirement income, we're seeing military retirees seek opportunities outside of Maryland, moving to other states, and not participating in our workforce. If we can keep military retirees and their family's tax base in Maryland, we would gain not only a continued contribution to our local economy but also the wealth of experience and skills they bring, enhancing the state's workforce and fostering a sense of community and stability.

Maryland should become more in line with the other 38 states that do not tax military retirement income. To be economically competitive with our neighboring states, we should remove the age restriction currently in place for exempting portions of a retiree's income. By bringing those under the age of 55 in line with those over 55, it will create more incentive for military retirees to stay in Maryland, recognizing the value of the contributions they will make to Maryland's future economic growth.

Supporting veterans is of utmost importance to the Maryland Chamber. Military retirees hold a great deal of knowledge that they pass on to any number of potential employers and are often found continuing their legacy of service by volunteering for Maryland's charities and schools. Maryland benefits greatly from the retention of these individuals and this legislation provides our state with a golden opportunity to properly honor those who have served in our armed forces. HB 713 will allow us to not only reward military retirees for their sacrifices but allow them to continue their legacy of service at home in Maryland. By providing incentives for our military

retirees to stay in Maryland, they will continue to provide sales tax revenue, volunteer, make charitable contributions and contribute to the state's economy.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **Favorable Report** on HB 713.

