



MARYLAND SOCIETY OF ACCOUNTING AND TAX PROFESSIONALS

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House Ways and Means Committee
House Office Building, Room 131
6 Bladen Street
Annapolis, MD 21401

RE: HB 800 - Income Tax – Subtraction Modification for Military Retirement Income – Individuals Under the Age of 55 - OPPOSE

Dear Chair and Committee Members:

The Maryland Society of Accounting and Tax Professionals, Inc. (MSATP) represents the voices of over 2,000 tax and accounting professional members. Our members, who are tax and accounting professionals, serve over 700,000 Maryland residents.

While we deeply respect the service of our military retirees, we must oppose House Bill 800 due to its financial implications and timing. The current two-tier system for military retirement income subtraction modifications was thoughtfully designed to offer greater tax benefits to older retirees who typically face increased healthcare costs and fewer opportunities for supplemental income. The existing structure acknowledges that retirees under 55 often pursue second careers, creating additional income streams that help alleviate their tax burden. Raising the subtraction modification to \$20,000 for all military retirees, regardless of age, would lead to an estimated revenue loss for Maryland at a time when our state confronts numerous competing financial priorities.

Furthermore, from a tax administration standpoint, this change could generate confusion during the transition period and necessitate significant updates to tax preparation software and procedures. The proposed implementation date of July 1, 2025, coincides with other major tax changes, potentially overwhelming tax preparation professionals and the Comptroller's office. Instead of this targeted change, we recommend a comprehensive review of Maryland's retirement income tax policy that considers the needs of all retirees while ensuring fiscal responsibility.

We recommend an unfavorable report on HB 800.

Respectfully Submitted,

Giavante' Hawkins
Maryland Society of Accounting and Tax Professionals

