



MARYLAND SOCIETY OF ACCOUNTING AND TAX PROFESSIONALS

10451 Mill Run Circle #625
Owings Mills, MD 21117

1-800-922-9672
410-876-5998

FAX 443-881-4146
www.msatp.org

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January 21, 2025

Honorable Members of the House Ways and Means Committee
Maryland General Assembly
11 Bladen Street Annapolis, MD 21401

RE: House Bill 355 - Income Tax - Subtraction Modification - Retirement Income

Dear Chair and Members of the Committee:

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. We strongly support House Bill 355, which would provide much-needed tax relief and simplification for Maryland's retirees through a comprehensive reform of retirement income taxation.

Our tax professionals regularly assist retirees who struggle with Maryland's complex retirement income subtraction rules. The existing system, which ties benefits to Social Security maximums and excludes many common retirement vehicles, creates unnecessary confusion and often fails to provide adequate relief for seniors living on fixed incomes. This legislation's gradual phase-in approach, increasing the subtraction modification from 30% to 100% over three years, demonstrates a thoughtful balance between providing meaningful tax relief and maintaining fiscal responsibility.

The bill's expansion to include various retirement vehicles such as IRAs, Roth IRAs, and SEPs reflects the modern reality of retirement planning, where individuals often have multiple sources of retirement income. Our members frequently see clients who have diligently saved through these vehicles but currently receive less favorable tax treatment than those with traditional pensions. The proposed changes would eliminate this disparity and recognize all forms of responsible retirement planning.

Furthermore, the simplification of the calculation method would significantly reduce compliance burden and confusion. The current system's complexity often leads to errors and requires extensive professional guidance to navigate properly. This streamlined approach would not only benefit taxpayers but also improve the efficiency of tax administration and preparation.

For these reasons, MSATP strongly encourages a favorable report on House Bill 355. This legislation represents a significant step forward in modernizing Maryland's treatment of retirement income while providing crucial tax relief to our senior citizens.

Respectfully submitted,

Giavante' Hawkins
Maryland Society of Accounting and Tax Professionals

