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**HB60 – Income Tax – Subtraction Modification – Military Retirement Income
(Keep Our Heroes Home Act)
FAVORABLE
Ways and Means Committee
January 23, 2025**

Good afternoon, Chair Atterbeary and Members of the Ways and Means Committee. I am Jim Campbell, President Emeritus of AARP Maryland and a former state Delegate from Baltimore City. AARP Maryland represents more than 850,000 members statewide and is the largest nonprofit, nonpartisan organization advocating for Marylanders aged 50 and older, as well as their families. AARP's priorities include helping all Marylanders achieve financial security and access to affordable utilities and healthcare. AARP Maryland supports HB 60 - Income Tax - Subtraction Modification – Military Retirement Income (Keep Our Heroes Home Act). We thank Delegates Rogers, Crutchfield, Metzgar and Vogel for sponsoring this bill.

What HB60 Keep Our Heroes Home Act Does

- Removes age parameters for the income subtraction modification.
- Increases the income subtraction modification to the first \$25,000 of military retirement income received by the individual during the tax year beginning after December 31, 2024, but before January 1, 2026.
- Increases the income subtraction modification to the first \$40,000 of military retirement income received by the individual during the taxable year beginning after December 31, 2025.

Why This Matters

The benefits of this legislation would provide valuable steps in supporting veterans as they leave uniformed services and transition to civilian life and workforce.

- By 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 Veterans Administration.
- With roughly 377,000 veterans living within the state of Maryland, and 55,793 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 economy.
- That money could be spent towards paying for schooling of their children or securing housing within the state of Maryland—currently the 6th most expensive state in which to live.

Broader Context

As of 2023, approximately 61% of these military retirees are under the age of 65 and able to rejoin the workforce outside of the military. 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 financially friendly location for military retirees, an increased retention of these retirees would be possible. 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 60 Keep Our Heroes Home Act does so, by providing greater economic viability for retired veterans and their dependents. For these reasons, AARP Maryland respectfully requests a favorable report for HB 60. For questions or more information, please contact Tammy Bresnahan, Senior Director of Advocacy at tbresnahan@aarp.org or by calling 410-302-8451.