



NATIONAL ACTIVE AND RETIRED FEDERAL EMPLOYEES
MARYLAND FEDERATION

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**Statement of the Maryland Federation of
National Active and Retired Federal Employees
Senate Budget and Taxation Committee Hearing, February 11, 2026
On Senate Bill 382 – Retire in Maryland Tax Relief Act**

(Position – Favor)

To: Chair Senator Guy Guzzone
Senate Budget and Taxation Committee

From: Paul K. Schwartz, Robert Doyle, and Robert N. Goldberg
State Legislative Committee
NARFE – Maryland Federation

The Maryland Federation of the National Active and Retired Federal Employees Association (NARFE) urges the Maryland General Assembly to adopt Senate Bill 382, Retire in Maryland Tax Relief Act. Testimony of Robert N. Goldberg on behalf of the State Legislative Committee of NARFE.

The Maryland Federation of the National Active and Retired Federal Employees Association (NARFE) works for legislation in Maryland on behalf of the approximate 300,000 federal employees and annuitants and the more than 800,000 seniors aged 65 and older in the state. One of the principal goals of NARFE Maryland is to reduce the tax burden on seniors living on retirement income. Indeed, Maryland has one of the highest costs of living in the nation, which discourages aging in place and encourages migration to senior friendly states. Other states actively recruit seniors with tax incentives because they recognize the value of seniors as economic engines for job and revenue generation. Thus, nine states do not have any state income tax and 14 states exempt all or part of federal pensions from state and local taxes.

There is a significant cost to Maryland caused by senior migration:

- Seniors who move to other states cannot be taxed.
- A loss of economic activity by seniors who have left Maryland. This also leads to a loss to the Maryland treasury and to a widely held view that Maryland does not have a dynamic economy.
- The amounts of federal grants often depend on a state's population. Thus, Maryland seniors who move out of state impact negatively the amounts of federal grants for Maryland. These grants include SNAP (Supplemental Nutrition Assistance Program) and Medicaid.
- Seniors leaving the state can affect the number of representatives in Congress which depends on a state's population.
- Seniors are a major source of volunteer efforts that enhance the quality of life in Maryland.
- Seniors do not have children in school.
- Seniors vote at a very high rate.

It is clear that Maryland needs to do something about this problem and doing something is in everyone's interest! Senate Bill 382 allows for the graduated ability of eligible, i.e., federal adjusted gross income less than \$175,000 for an individual return and less than \$250,000 for a joint or surviving spouse or head-of-household to claim a credit against their state income taxes. At age 77, the amount of the deduction is set at 25% of one's state income tax, at age 78 at 50%, and at age 79 at 75%. The full amount of the deduction is only reached at age 80. This legislation brings a very much needed sense of fairness to the Maryland tax codes.

A Fiscal and Policy Note for SB382 is not yet available. However, a Fiscal and Policy note for an essentially similar piece of legislation (SB 207, Income Tax - Octogenarian Credit, 2023 Session) states "sufficient information was not available in time to analyze the effect of this legislation on State revenues." But, it is obvious that this legislation would **encourage younger seniors to remain in Maryland** where they would pay the full amount of Maryland taxes for 12 years and then enjoy some tax relief in their very senior years. The average life expectancy (<https://www.ssa.gov/oact/population/longevity.html.chances>) of a 65-year old individual is 85.6 years. And, the chances of a 65 year old individual living to age 90 is about 24 % (1 in 4). Senate Bill 382 is an incentive for a younger senior to remain in Maryland and it does not cost the Maryland treasury any loss of revenue until the individual is at an advanced age. ***This is a win-win scenario.***

NARFE thanks Senators Watson, Benson, West, Salling, Gile, Bailey, Carozza, Muse, and Jennings for introducing this important bipartisan legislation and is pleased to support it. It would benefit both Maryland and senior citizens.