



## MARYLAND MILITARY COALITION

*Serving Veterans through Legislative Advocacy*

February 17, 2026

The Honorable Jheanelle Wilkins  
Chair, Ways and Means Committee  
130 Taylor House Office Building  
Annapolis, MD 21401

Subject: Request for FAVORABLE Report – HB0857 – Income Tax – Subtraction Modification for Military Retirement Income – Individuals Under the Age of 55

Dear Chair Wilkins and distinguished members of the Ways and Means Committee,

On behalf of the members of the Maryland Military Coalition<sup>1</sup> (MMC), I write to recommend a **FAVORABLE report** by the Committee on **HB0857 – Income Tax – Subtraction Modification for Military Retirement Income – Individuals Under the Age of 55**, sponsored by Delegates Mike Griffith and Mike Rogers. This legislation will eliminate the age restriction and increase the amount of the subtraction modification under the Maryland income tax for military retirement for individuals who are under the age of 55 to \$20,000.

This legislation will align Maryland with all four of its neighboring states which already have no age restriction regarding the exemption of military retirement income from their state income tax. It also makes the exemption amount of \$20,000 equal for ALL military retirees in the state. It places the state ahead of Delaware, which exempts only \$12,500 of military retirement income from its state income tax for all military retirees. The legislation, however, still has Maryland lagging behind Pennsylvania and West Virginia, where all military retirement income is exempt from state income tax, and behind Virginia, where \$40,000 of this income is exempt each year going forward. More importantly, **absent this legislation, Maryland will continue to be an exception to the 38 states that currently exempt military retirement income from their state income tax** (Attachment).

Nationally Maryland continues to rate poorly when it comes to taxes. According to the Tax Foundation, Maryland ranks 47<sup>th</sup> out of 50 states for its individual income tax. Only New Jersey (#48), California (#49) and New York (#50) rank lower. All four contiguous states to Maryland have a higher ranking: West Virginia (#27), Virginia (#36), Pennsylvania (#38), and Delaware (#43).<sup>2</sup>

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<sup>1</sup> See attached list of member organizations

<sup>2</sup> <https://taxfoundation.org/research/all/state/2026-state-tax-competitiveness-index/>, 2026 State Tax Competitiveness Index, October 30, 2025

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Per the Comptroller of Maryland, domestic outmigration “is a downward drag on our labor market, economic output, and state and local revenues.”<sup>3</sup> Military retirees under the age of 55 are part of this outmigration. Per data provided to the MMC by the Comptroller of Maryland, the number of military retirees under the age of 55 who claimed the subtraction allowed by law declined from 7,233 in 2021 to 6,535 in 2023, a 9.7 percent reduction.<sup>4</sup> As early as 2019, it was pointed out to Maryland officials that a major part of a military retiree’s decision of whether to remain in Maryland “is the amount to which their military pension will be taxes.”<sup>5</sup> As the MMC has previously pointed out, **the fundamental issue is whether Maryland wants to retain this valuable human capital or continue to let this valuable resource leave the state.**

The Maryland Military Coalition **strongly supports HB0857** and asks for a **FAVORABLE** report from the Ways and Means Committee. By eliminating the age restriction and equalizing the amount of military retirement income that can be exempted, HB0857, if passed and signed into law, is only the first step that must be taken to mitigate the trend of continuing loss in the under 55 age demographic and **help retain the human capital, which in turn will improve the state’s economy going forward. Taking this first step is just the beginning to make Maryland competitive with the 38 other states that exempt all military retirement income with no age restriction.**

The Maryland Military Coalition is a registered non-profit, non-partisan advocacy organization comprised of 21 prominent Maryland-based veteran and military groups. It represents over 150,000 service-connected individuals, including those currently serving, veterans, retirees and their families, caregivers and survivors. For further information, visit our website at <https://mdmilcoalition.org/>

We want to thank Delegates Mike Griffith and Mike Rogers for sponsoring this legislation and supporting the uniformed services community in Maryland.

Respectfully,

*David Lutzow*

David Lutzow

Senior Master Sergeant (Ret), U.S. Air Force

Director

Attachment

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<sup>3</sup> <https://www.marylandcomptroller.gov/content/dam/mdcomp/md/reports/research/housing-economy-print.pdf>, Comptroller of Maryland, State of the Economy Series: Housing & the Economy, October 2025

<sup>4</sup> Comptroller of Maryland, letter to the Maryland Military Coalition, dated February 3, 2026, Re: Maryland Public Information Act Request dated December 16, 2025

<sup>5</sup> <https://commerce.maryland.gov/Documents/ResearchDocument/employment-in-maryland-defense-study-HB-1542-2019.pdf>, A Study of Employment in the State’s Defense Industry, October 7, 2019, Towson University, Regional Economic Studies Institute, page 32.



## **Member Organizations of the Maryland Military Coalition**

Air Force Sergeants Association

American Military Society

American Minority Veterans Research Project

Association of the United States Navy

Commissioned Officers Association of the U.S. Public Health Service

Disabled American Veterans

Fleet Reserve Association of Annapolis

Jewish War Veterans of the U.S.A

Maryland Air National Guard Retirees' Association

National Active and Retired Federal Employees, Maryland Veterans

Maryland Veterans Chamber of Commerce

Military Officers Association of America

Military Order of the Purple Heart

Military Order of the World Wars

Montford Point Marines of America

National Association of Black Veterans

National Active and Retired Federal Employees, Maryland Veterans

Naval Enlisted Reserve Association

NOAA Association of Commissioned Officers

Reserve Organization of America

Society of Military Widows

Veterans of Foreign Wars



## MARYLAND MILITARY COALITION

Updated - State Treatment of Military Retired Pay- As of December 29, 2025

### The 38 States that Exempt Uniformed Services Retired Pay

As of December 29, 2025, **38 of the 50** states do not tax ALL uniformed retirement pay. That figure includes 9 states, marked with asterisks, without any personal income tax:

1. Alabama <i>i</i> ss	20. Nevada*
2. Alaska*	21. New Hampshire*
3. Arizona a ; ss	22. (New Jersey)+ <b>Military</b> retired pay only (+\$6K Vet)
4. Arkansas a <i>i</i> ss+	23. New York <i>i</i> ss
5. Connecticut <b>Military</b> retired pay only	24. North Carolina <i>i</i> ss
6. Florida*+	25. (North Dakota) <i>i</i> ss <b>Military</b> retired pay only
7. Hawaii <sup>55</sup>	26. Ohio+ <sup>55</sup>
8. Illinois a <i>i</i> » ss	27. Oklahoma:t <sup>55</sup>
9. Indiana :t <sup>55</sup> <b>NEW Uniformed Services TY 25</b>	28. Pennsylvania <i>i</i> » ss
10. Iowa a <i>i</i> ss ALL Retirement exempt> 55 /Dis.	29. (Rhode Island) <b>Military</b> retired pay only
11. Kansas <i>i</i> + <sup>55</sup>	30. (South Carolina) <i>i</i> ss <b>Military</b> retired pay
12. Louisiana <sup>55</sup>	31. South Dakota*
13. Maine <sup>55</sup> <b>NEW Uniformed Services TY 25</b>	32. Tennessee*
14. Massachusetts <i>i</i> ss <b>NEW Uniformed Services 2025</b>	33. Texas*
15. (Michigan) a <i>i</i> ss <b>Military</b> retired pay only	34. (Utah) <i>i</i> <b>Military</b> retired pay only
16. Minnesota a <i>i</i>	35. Washington*
17. Mississippi :t: » <sup>55</sup>	36. West Virginia <i>i</i>
18. Missouri) c <b>Military</b> retired pay only	37. Wisconsin <i>i</i> ss
19. Nebraska	38. Wyoming*

\* 9 (Nine) States have no personal income tax

i:t Active Duty pay included

\* SBP= Military Survivor Benefit Plan. Insurance on up to ½ of the military retiree's "pension" receive monthly upon the death of the sponsor.

» No tax on 401(k), IRA or pension distributions

<sup>55</sup> Social Security exempt (includes AL, AZ, AK, CA, DE, GA, HI, IA, ID, IL, IN, KY, LA, ME, MD, MA, MI, MS, NC, NJ, NY, OH, OK, OR, PA, SC, VA, WI, N=28)

Twelve (12) states and the District of Columbia currently tax a portion of a retiree's annual Retired Pay: CA, CO, DE, GA, ID, KY, MD, NM, OK, OR, VA, VT, and DC.