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HB 342- Retirement Tax Reduction Act of 2020
Support
House Ways and Means Committee
February 14, 2020

Good afternoon Chairwoman Kaiser and members of the House Ways and Means Committee. My name is Tammy Bresnahan. I am the Director of Advocacy for AARP MD. AARP Maryland is one of the largest membership-based organizations in the State, with almost 900,000 members. AARP MD and its almost 900,000 members overwhelming support HB 342

HB 342 creates a subtraction modification against the State income tax for an individual who has federal adjusted gross income of \$100,000 or less and is receiving Social Security benefits or is at least age 65 and is not employed full time. The maximum value of the subtraction modification is equal to \$50,000 in tax year 2026, phased in over five tax years beginning with tax year 2022.

AARP is working hard to strengthen retirement security for all Americans by ensuring that workers and retirees have access to their hard earned and hard saved dollars. This advocacy responds to member priorities as revealed in a recent survey of over 1700 AARP Maryland members. Sixty (60) percent responded that maintaining their retirement savings should be an AARP legislative priority. I am here today in support of SB 278 on behalf of AARP and its members. We thank Governor Hogan for asking that this legislation be introduced.

As you may know, AARP is the largest nonprofit, nonpartisan organization representing the interests of Americans age 50 and older and their families. Key priorities of our organization include helping all Marylanders achieve financial and health security. In particular, AARP strongly believes that all individuals have the right to be self-reliant and live with dignity in retirement.

AARP
Real Possibilities

The rising cost of essential necessities, including groceries, utilities, and prescription drugs, is of significant concern for millions of Marylanders, especially for older and retired Marylanders living on fixed incomes. In fact, in 2017, 22% of Maryland residents stopped taking medication as prescribed due to rising costs.

Older Marylanders on fixed incomes clearly feel the effects of inflation more than the rest of us. These retirees bear a disproportionate brunt of drug and medical inflation, which is significantly higher than overall inflation.

Maryland's retirees currently pay federal income taxes, as well as significant state and local income taxes, and motor fuel taxes, sales taxes, and property taxes. A vast number of older Marylanders also fully support or contribute financially to the well-being of their children and grandchildren, as well as act as primary caregivers to their parents and spouses. They also feel that they have limited options for rejoining the workforce and virtually no time horizon to increase their savings.

Reducing taxes on retirement income will provide Maryland's retirees with extra dollars to care for their loved one's needs and provide assistance with food, housing, transportation and medical costs.

AARP Maryland respectfully requests a favorable report for HB 342.

For questions or additional information, please feel free to contact Tammy Bresnahan, State Director of Advocacy at tbresnahan@aarpp.org or by calling 410-302-8451.