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TTY USERS CALL VIA MD RELAY

## House Bill 342 – Retirement Tax Reduction Act of 2020

### SUPPORT

#### House Ways and Means Committee

February 14, 2020

#### Testimony By:

**Mathew Palmer, Deputy Legislative Officer**

#### PURPOSE OF BILL

This legislation would exempt the first \$50,000 of income from taxation for all retirees with less than \$100,000 of federal adjusted gross income. This will be phased-in over 5 years, starting in FY 2022.

#### COMMENTS

The Hogan Administration is very concerned with the ability of our retirees to make ends meet on a fixed income and this legislation would provide a much needed tax exemption on retirement income for those retirees needing it the most. These Marylanders have worked hard, and have children and grandchildren who they want to remain close to. However, they are facing the prospect of moving out of the state to Pennsylvania, Tennessee, or Florida to reduce or eliminate their income tax burden, so that they can ensure that their retirement savings will carry them through their remaining years.

Recent surveys have found that Maryland ranks as one of the worst states for retirees for multiple reasons, however, affordability and tax climate are the two largest factors. This bill will allow more Maryland retirees to keep their hard earned retirement income, and allow them to stay in our state, enjoying their retirement years with their family. It is important to allow Maryland retirees to continue to contribute to our communities and our economy, rather than chase them out of state with high income taxes, simply because they need to weigh their ability to continue to live comfortably on their retirement savings they have put away.

The Hogan Administration thanks the Committee for your time and hope that we can work together to pass this legislation, so that we can help remove the burden of high income taxes from our retirees and we can keep them in Maryland with their families and contributing to our communities and our economy.



Retirement Tax Relief Correspondence 2020

The following are comments received by the Governor's Office in support of this legislation:

I fully support your efforts to make Maryland an income-tax free state for certain retirees! As a recent retiree, I am debating whether to move to a more affordable, retiree-friendly state. I prefer to stay in the same place I was raised, the great state of Maryland!

What can I do to help support this initiative? Who should I contact? Can I testify as to the benefits of an income-tax free state for retirees?

Lori Rounds  
Frederick, MD 21702-2793

Recently, I learned you have proposed a bill to reduce or in some cases eliminate the state taxes for retirees. I commend you for your efforts! I have lived in MD for over 32 yrs & recently retired in late 2018 serving 30 yrs here at NAS Patuxent River both as a contractor and government service employee. Also, my husband is currently serving DoD in government service. In addition, he retired from the Navy after serving 20 yrs. I have always felt MD offers exceptional employment opportunities especially for those seeking to advance their careers. We are both very proud to have served our country. However, we are one of many Marylanders who have decided to move out of the state once we are both retired because the state is not retirement friendly as the current tax rates stand. That decision wasn't an easy one for us to make moving away from family & friends. Especially since I was born & raised here in MD & enjoy all that this state has to offer throughout my many yrs of residence. We have both always worked to support our community servicing in local associations such as our HOA & the Calvert County Board of Elections. Please let us know what we can do to help support this cause. Thank you for all that you have done for our great state!

Jill Veit  
Saint Leonard, MD 20685-2907

Dear Governor Hogan, Bravo! and thank you for finally proposing tax relief for Maryland retired. I was a teacher for 41 years in Maryland and now that I am retired, I would love to stay in this great state! My family and friends are here, and up to this point, like thousands of other retirees, I was looking to move to a state more tax friendly to retired folks. I truly hope you can get this tax relief through! Retirees can bring so much to the table if they are not forced to look for part time jobs, or worry about how they will cover tax bills! This can include volunteering for soup kitchens, mentoring in public schools, helping mentor youth in career centers, just to name a few. At no cost to the state! You are looking at a potential army of volunteers! Plus the obvious...we are spending in state and helping Maryland's economy. Please continue your efforts for this tax relief! So many need it!

Barry Enzman  
Sykesville, MD 21784-7503

Yup, already looking at States where I don't have to pay State taxes as a retiree. My taxes 2019 for State of MD will be about 2,000 dollars. Why should I stay there? Get the tax relief done for us retirees

David Gula  
Timonium, MD 21093-2955

Thank you so much for taking steps to reduce the State income tax burden for seniors. It would really be helpful if you can do something about the property taxes in Maryland. I have paid city and county taxes in Frederick for 40 years. I am single and have worked for the State for almost 16 years. I am almost ready to retire but more than \$5,000 a year in property tax is going to be hard to come up with.

[Joanne Cunningham](#)  
Frederick, MD 21702-2607

I would like to thank you for the great job your doing and the Tax relief bill you sponsored for retirees. But unfortunately it may be a little too late in coming. As a retired teacher, I have found the taxes in Maryland simply too much to bear and unless it takes effect sooner than 2022, I believe your going to loose quite a few retired residents between now and then. I have several teacher friends who are already on their way to other states, and my wife(who still has a few years to go), and I have looked hard at Texas. Looking back over the years we've lived here, I've paid over \$100,000 in property tax alone , and for what? Couldn't show you any benefit. Also, I would like to add, please, please do not fund the Kirwin Commision! What a waste of money! Our legislators think that dumping money on the school system problems will fix it. Not the case as you are probably aware. Two point raise in test scores from the last funding commission? Thanks again for excellent job your doing.

David R. Hurless  
Sudlersville, MD 21668-1603

Have heard about your tax reduction for retiree income and want to know if any reduction will be applied when income is over \$100,000. If you are going to offer a tax reduction for those under \$100,000 you should also include all retirees. Please keep me informed how this Bill progresses. It will make a difference for future plans.

Mrs. Carol Ginnavan  
Ocean City, MD 21842-9155

Thank you so much for working on retiree tax breaks. Maryland is my home and I'd like to be able to afford to retire here. Love you, man. You take good care of us.

Deborah Elliott  
Perryville, MD 21903-2700

Gov: Great idea to reduce or eliminate taxes on retiree income. You are so right about FL; I am there now and everyone talks about northern state taxes. Keep up the good work on behalf of Maryland. (This is David Deutsch, former city manager in Bowie)

David Deutsch  
Ocean Pines, MD 21811-3349

I was quite pleased to hear you are proposing legislation to reduce, and even eliminate in some cases, taxes paid to Maryland by retirees. As luck would have it, my annual pension is now over \$100,000 thanks to small COLAs. Since Maryland is ranked low as a state for retirees to live in/move to due to our high cost of living, \$100,000 does not have the value here it does in other states. I am requesting you consider expanding this proposed legislation to include other higher income brackets, perhaps raising it to \$200,000 (random amount off the top of my head) with multiple increments and adjusting percentage of taxes to be paid accordingly. It will certainly help those of us who are more fortunate than others but who also have the high living expenses and medical costs to contend with (I live in a small, old ranch house that I want to stay in and know the time is coming to have another expense added of paying a health care worker so I can stay). And, we also have to pay County taxes added to what we pay for state taxes, another tax not imposed on residents of other states. Please do consider how expensive it is to live in Maryland and how, even us more fortunate retirees, are being impacted and have to consider leaving the state so we can afford our medical and living expenses. It is not just the poor who are having hardships living in Maryland, but those of us in the middle class are being squeezed so that we have to make difficult decisions as well about what we can pay for. I want to continue living in Maryland and I hope you will decide that the threshold you have set is still very low to allow some of us to do that and increase it so that we can stay in the state we love. Thank you very much for considering this change and I look forward to your response.

Kathy Thomas  
Ellicott City, MD 21042-5631

Living in Maryland as a retiree is more than just the income taxes we pay. I have lived in my home in Montgomery County since 1973. I get no break on the real estate taxes because of the value of my property. Has nothing to do with my income.

The benefit should be income based not property value. I don't want to move but I have no choice. The real estate taxes are high and with the new tax reduction plan from the fed govt I can't deduct all I spend. Plus, my social security and other retirement accounts just can't support the taxes.

I sure wish there was an acceptable way for me to age in place.

Mrs. Elizabeth Tordella  
Chevy Chase, MD 20815-6519

I just heard of your proposal to cut taxes for Maryland retirees. I applaud you and hope our representatives are listening.

Patrice Hankewycz  
Baltimore, MD 21214-2726

As an older MD resident 63 years old, having lived in Prince George's County for about 15 years, I respond very favorably to your proposed bill outlined in the Washington Post Friday 17 January to eliminate taxes on retiree income for those with an income of less than \$50,000 a year (which will apply to me.) Maryland taxes on retiree income are extremely high, and the tax policies of President Donald Trump are making retirement plans much worse.

When I stop working, I want to be sure I'll have enough money to maintain a decent standard of living.

Mr. LeConte Davis  
Hyattsville, MD 20784-1043

Thank you for the tax assistance for MD retirees. Every year our property taxes rise and yet our monthly pay checks do not. Unless we are given yearly pay raises that are larger than inflation or other economic reasons, we will be forced to leave the state of MD.

You talk about yearly pay raises for teachers, but I am a medically retired CO 2 officer. I am not complaining and I thank God for my retirement. You forget several reasons why we, as CO's, need some serious pay raises or a separate pay chart and those reasons are as follows:

Rain or storm, we have to report to work as teachers do not. We cannot leave the building to take a lunch break. We are forced to work overtime causing us to work 16 hour days and yet still report the following day to work another 8 hours. We put our lives on the line everyday and when prison riots happen we have to go into them not knowing what we will run into. Police officers have guns and bullet proof vests to protect them. All we have is mace. Police arrest the person and for next 24 hours, 7 days a week we have to manage them. We do so in their sickness and when they act up. We are more often to get sick than the police officers due to the fact that it is us who have to be with prisoner then inmate when they are sick or coming down from drugs or alcohol. We also play guidance counselor. When I worked as a CO I started my day off by getting all the inmates who needed to see public defenders to write their names on a list and I would give it to the public defender's office. Then if anyone needed to go to sick call I did the same thing but ran the list to the medical staff. I could go on and on. We do a lot more than the police do. Remember, we are the last officers an inmate will see before he or she goes to court or goes home. One more thing, when our system decides to send an inmate to the Supermax, try getting a lifer or murderer to obey an order. All they want to do is hurt us! Thanks.

Mr. Anthony Lombardi  
Pasadena, MD 21122-1189

I want to personally thank you for taking a look at the taxes for retirees. I retired this month and my plan was to pack up and move to South Carolina asap. Please keep working to do this, because I really want to stay.

Michelle McPhatter  
White Plains, MD 20695-3130

Thank you Gov. Hogan for your plans to cut taxes for retirees. Your proposals may save me from having to leave MD for my upcoming "golden" years. Also, thanks for bringing common sense to the office of the Governor.

William Hyde  
Port Deposit, MD 21904-1532

You are absolutely right! I have lived in MD my entire life but have been looking to Pa and De to get away from the high taxes of Md. I don't want to leave but I want to enjoy the years I will have left when I retire in a few years. I have paid my fair share my entire life. I'll never live like the rich and famous but I would like to live and enjoy, after 40 some years of working, without having to watch every dime I spend. Thanks for standing up for those of us that have paid into the system all our life.

Timothy Dobson  
Savage, MD 20763-0228

I would like to know more about the senior tax plan in detail. I'm 66 years old, not a state employee, worked and lived here my whole life. I am preparing to move out of the state because of the tax penalties. Not something I want to do. Something I have to do. However I am encouraged to hear there may be something done to be competitive with other states. This is so distressing and such heartbreak to have to move away from my grandchildren because of taxes, Which the state is always been burdened with.

David Picker  
Ocean City, Maryland 21157

We want to personally thank you for your efforts to bring Tax Relief for Maryland retirees. We are retired from government employment and the private sector and although we have lived in Maryland for 58 years are strongly considering following in the foot steps of family members and friends who have moved to other states that do not tax retirement income. We applaud you for your actions and are anxiously awaiting these actions to be finalized and looking forward to spending our retirement years in Maryland with our remaining family members and friends.

Stasia Hutchison  
College Park, MD 20740-1345

I am a retired State employee with 42.5 years of service. The retirees got no help last year in regards to getting kicked out of the State prescription plan and going on Medicare. I spoke with a gentleman this summer, a first responder, who stated they were going to seek legislation to have their retired become tax exempt due to the prescription issue. I read today in Maryland Matters you were going to have legislation introduced to do just what he stated. We have money for these "state retirees" to get their retirement tax free and the remaining retirees continue to pay taxes on their retirement. Plus, we will pour millions for the Kirwin Report with no real solution to correcting the problems. This is totally unacceptable to treat all some State retirees favorable and the remaining State retirees can continue to suffer. This isn't leadership!!

Mr. James Arnie  
Silver Spring, MD 20906-8356

Governor Hogan

I am sincerely hoping your tax relief proposal for retirees is passed. I am a born and raised Annapolitan and 62 years old. One of my biggest fears is that I will not be able to retire in the only home I have ever known and loved. Real Estate taxes are going up an average of 200.00 a year and I am afraid I may have to move when I retire because I won't be able to stay here, which truly makes me sad. I was so happy that you are proposing tax relief for retirees.

I just wanted to say thank you for listening to the residents of our beautiful state and actually doing something to help those of us who can't imagine living anywhere else.

By the way...am sincerely hoping your run for President...you would win by a landslide!

Tina Wiesner

Annapolis, MD 21403-2809

I am a recent retiree who has lived most of my life in the state of Maryland. I currently reside in White Plains, Maryland. I have been following your plan to introduce a bill related to TAX CUTS for Maryland retirees. I think this idea is necessary as Maryland is Not competitive with surrounding states. I along with several friends discuss leaving the state for more tax friendly options that are close by such as: Pennsylvania, Delaware and North Carolina. I think your proposal regarding those retirees who make \$50,000 and under pay not state tax with a gradual increase for those making over this amount is necessary. As we the baby boomers start to look at our retirement options the state of Maryland may not be the choice for many. I urge you to introduce your proposed bill. I have already written letters to the 3 delegates and state senator for my area in Maryland asking that they support this bill. I will continue to follow and will encourage my fellow seniors with whom I network that this bill is coming forward from the Governor. I normally vote Democratic but I am not a blind voter. I vote my interest not just along party lines. I did vote for you twice and would be willing to support another Republican Governor who had my best interest in mind. Thank you.

Robin Woods

White Plains, MD 20695-3266

We support your bill 100%. Seniors are forced to live and spend their retirement savings in other states with lower taxes.

Maryland should not be on the bottom of the retiree destination list!

Thank you and hopefully the House and Senate will support this bill. We have written to our representatives and senators in support.

Jeri And Steve Miles

Myersville, MD 21773-8009

I heard a news report that you are proposing an end to Maryland State taxes on retirement income. I am a retired Prince George's County educator. Such a reduction in taxes would be extremely beneficial to me as the State pension for me only amounts to less than \$100 per month per year of service. It's not a lot.

I will also contact my state representatives.. thank you.

Howard Herrstadt

Oxon Hill, MD 20745-2321

You wrote an article for the Baltimore Sun in regards to senior's not having to pay taxes. You have my vote!! Seniors are the forgotten group that live on fix incomes, many can not make ends meet due to taxes taken out of their Social Security checks. God bless you for thinking about forgotten seniors. Keep up the good work.

Shirley Mundie  
Baltimore, MD 21230-5245

FYI: Just called delegates, Wilson, Patterson and Davis from Charles County asking them to support your proposal to eliminate military retired pay from taxation.

Blake Shutt  
Waldorf, MD 20601-3379

I'm 72 and my wife is 68. We never lived in Maryland until January 2019. What's interesting is that we moved from South Palm Beach, Florida. We came north to help with the grandchildren. With my small pension and our social security, we make slightly under \$50,000 a year. Since Florida has no state income tax, I am now stuck with an extra 6% tax I didn't have to contend with in Florida!

John Backiel  
Elkridge, MD 21075-7073

I totally support your idea regarding a tax break for retirees. Many of my retired friends and neighbors are considering a move to Florida or have already moved. Of course, they sell their MD property and take their hard earned wealth with them to Florida.

Why shouldn't MD benefit from the purchasing power of retirees who have worked a lifetime to accumulate a nest egg? Personally, I would much rather retire in Maryland, buy a retirement home here, and a couple new cars before I croak!  
Thank you for your efforts on behalf of all Marylanders

Mr. Paul Selnick  
Ellicott City, MD 21042-6126

Governor Hogan, please be advised that my wife and I fully support your efforts to lower the taxes for retirees. We have lived in this state for over 50 years and would like to stay but the taxes we must pay every year, both federal and state, is becoming overbearing. We are both retired and are presently considering other states to move to because of their attractive tax structure. Thank you for your consideration and keep up the good work you are currently doing for the state.

Thomas Kelliey  
La Plata, MD 20646-3800