

28 February, 2022

Stephen M. Mencik
1002 Red Harvest Road
Gambrills, MD 21054
(410) 672-5859 (home)
(443) 995-9823 (cell)
(410) 854-8673 (work)

Written Testimony on HB 1198

I am in favor of reducing Maryland Income tax for retirees, as currently many retirees simply leave the State of Maryland to escape the high State Income taxes. I'm planning to do the same in a few years.

However, the current bill does not go far enough. In particular, see the following lines below:

28 (b) Subject to subsections (d) and (e) of this section, to determine Maryland
29 adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years
30 old or is totally disabled or the resident's spouse is totally disabled, or the resident is at
31 least 55 years old and is a retired correctional officer, law enforcement officer, or fire,
32 rescue, or emergency services personnel of the United States, the State, or a political

1 subdivision of the State, an amount is subtracted from federal adjusted gross income equal
2 to the lesser of:

3 (1) [the cumulative or total annuity, pension, or endowment income from
4 an employee retirement system] THE TOTAL INCOME FROM A QUALIFIED
5 RETIREMENT

5 PLAN included in federal adjusted gross income; or

6 (2) the maximum annual benefit under the Social Security Act computed

7 under subsection (c) of this section, less any payment received as old age, survivors, or

8 disability benefits under the Social Security Act, the Railroad Retirement Act, or both.

Instead of making the amount the **lesser** of these two factors, the bill should ensure that all income from the Federal Social Security Program **and** any Qualified Retirement Plan should be exempt from Maryland State Income taxes. If you really want to help retirees, it would also exempt withdrawals from 401(k), 403(b) and similar plans (such as the Federal TSP), as well as IRA accounts and annuities (either regular or Roth versions). Simply the lesser of those two factors as currently written is not nearly enough to change my plan to move to Delaware when I retire in less than 3 years.