



## House Bill 227

### *Income Tax Subtraction Modification – Retirement Income of Law Enforcement, Fire, Rescue, and Emergency Services Personnel*

MACo Position: **OPPOSE**

To: Ways and Means Committee

Date: February 16, 2016

From: Andrea E. Mansfield

The Maryland Association of Counties (MACo) **OPPOSES** HB 227. This bill provides for a subtraction modification for the first \$15,000 of retirement income for individuals at least 55 years of age who are retired law enforcement officers or fire, rescue, or emergency services personnel of the United States, the State of Maryland, or local government. MACo is concerned with the fiscal effects of this legislation and would prefer approaches that provide local autonomy to determine the best way to provide these incentives, rather than those that mandate reductions in local revenue sources.

HB 227 is one of many bills that have been introduced this session to reduce or adjust the income taxes paid by residents of Maryland. According to the bill's fiscal note, local revenues would decline by \$2.5 million in fiscal 2017, increasing in subsequent fiscal years. This revenue effect, combined with that of other bills that have been introduced this session, is simply not affordable as a statewide county mandate and could present substantial budget difficulties.

MACo's preferred approach on this bill and other similar proposals is that it be enacted as a "local option." This would give counties maximum flexibility to achieve local goals and manage their budgets to provide needed services.

Counties welcome the chance to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but resist state-mandated changes that preclude local input. For these reasons, MACo urges the Committee to give HB 227 an **UNFAVORABLE** report.