



House Bill 296

Income Tax - Subtraction Modification – Retirement Income of Correctional Officers

MACo Position: **OPPOSE**

To: Budget & Taxation Committee

Date: March 28, 2018

From: Barbara Zektick

The Maryland Association of Counties (MACo) **OPPOSES** HB 296. This bill expands the existing subtraction modification for retired “hometown heroes,” applying it to correctional officers.

MACo is concerned with the carryover county fiscal effects of this piece of legislation and would prefer approaches that provide local autonomy to determine the best way to provide tax incentives, rather than those that mandate reductions in local revenue sources.

HB 296 is just one of many bills that have already 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 approximately \$1 million in fiscal 2019. However, it is not clear from the fiscal note whether the thousands of local and federal correctional officers are included in that estimate. Nevertheless, this revenue effect combined with that of other bills already introduced this session, simply cannot be afforded as a statewide county mandate and could present substantial budget difficulties. This is exacerbated by the fact that counties do not know yet just how tax reform will affect their revenues.

MACo suggests that consideration be given instead to providing state tax credits, which do not mandate the depletion of resources from all counties for education, public safety, and needed community 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 296 an **UNFAVORABLE** report.