



Senate Bill 278

Income Tax – Military Retirement Income

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: January 29, 2014

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **OPPOSES** SB 278. This bill would expand the existing military retirement subtraction modification for retirees from \$5,000 to \$10,000.

MACo is concerned with the fiscal effects of this legislation. According to the fiscal note, local income tax revenues would decline by \$5.9 million in Fiscal 2015, and continue to decline each year thereafter. This is a substantial revenue loss to be shared by the counties, and when combined with other potential revenue challenges, it presents budget difficulties.

Counties have faced economy-driven fiscal challenges in recent years, with county revenue woes expected to continue as property assessments remain in decline for most jurisdictions. Counties are also feeling pressure from federal budget uncertainties and potential changes in the treatment of out-of-state income for county income tax purposes. Legislation that further reduces county revenues would make it substantially more difficult for counties to manage their budgets to provide needed services.

For this reason, MACo urges the Committee to give SB 278 an **UNFAVORABLE** report.