MARYLAND NARFE 2018 STATE LEGISLATIVE PROGRAM

The Maryland Federation of Chapters of the National Active and Retired Federal Employees Association represents the interests and needs of almost 300,000 federal employees and annuitants in Maryland as well as the state's more than 800,000 seniors aged 65 and older.

What We Want!

- Tax relief for Maryland seniors!

Why We Want it!

- Increases in Maryland taxes have especially impacted seniors living on fixed incomes.
- Out-of-pocket health care costs for seniors are more than double that of most tax payers.

Why You Should Support This Request!

- One of the highest costs of living in the nation discourages “aging in place” in Maryland and encourages senior migration.
- Loss of senior population has an adverse economic impact on Maryland.
- Seniors spend their money; they do not save for the future since, for seniors, the future is now.
- Senior spending stimulates the state's economy, creates jobs and **positively impacts small businesses**.
- The additional sales tax receipts will offset a significant portion of any lost tax revenue due to the state reducing the tax burden on seniors.
- Senior volunteerism provides the state with numerous free social, cultural, and economic services.
- Other states recognize the value of seniors as economic engines for job and revenue generation and actively recruit them with with tax incentives.
- Nine states do not have any state income tax and 14 states exempt all or part of Federal pensions from state and local income taxes.
- While Maryland has a general pension exclusion tied to Social Security, this exclusion pales in comparison to the tax relief provided to seniors and retirees by other states.
- Recent New Jersey legislation effective January 2018 will exempt from state tax the first $100,000 of pensions or retirement income for married couples and $75,000 for single taxpayers.

What We Need You To Do!

- To keep seniors in Maryland, the state must aggressively compete with other states by reducing or eliminating current taxes on retirement income.
- Short of that we fully support increasing the senior tax exemption from $1,000 to $10,000. To mitigate the immediate fiscal impact, we suggest this increase be phased in over a four year period.

Why You Need To Do It!

- Exempting senior pensions would encourage Maryland seniors to remain in Maryland as well as encourage in-migration from other states, thus improving the economy of the state for all Marylanders.

What Else Needs to be Done and Why

Tax incentives for Long Term Care Insurance:

- A recent study by Georgetown University concluded that Americans are seriously under-estimating their future needs for long term care.
- One out of every two Americans over the age of 85 has a 50% chance of being afflicted with Alzheimer disease. They are unaware that half their number will require institutional or specialized home care by their 85th year.
- Maryland’s MEDICAID costs are well above the national average. The need for long term care by Maryland’s large and growing aging population will further increase the state's MEDICAID burden.
- A large proportion of MEDICAID funds pay for treatment and cognitive care for an aging population financially unprepared for retirement.
- Rising operational costs have caused vendors to leave Maryland dramatically increasing policy premiums making it less attractive for attracting new policy holders and more difficult for current policy holders to retain their insured status.
- Any incentives to encourage the purchase of long term care insurance should be viewed as an investment in easing the burden on our state’s MEDICAID resources.

What Needs to be Done on Healthcare

- Encourage purchase and retention of Long Term Care insurance by the younger (age 50 – 60) population when premiums are relatively lower, by annualizing a one-time $500 tax credit.

- The more attractive $500 annual tax credit, combined with money available from the reduced taxes on pensions, should encourage sales and retention of long term care insurance.

  The current Homeowners Tax Credit (HTC) Program is limited to low and moderate income homeowners. Change the HTC formula to increase the tax credit for eligible homeowners with lower incomes, adjust credit schedules for inflation, and increase assessment limits.

CONCLUSION: State leaders have important reasons for wanting to see their state populations grow rather than shrink. A growing population usually means more commerce, more economic vitality, and a bigger tax base to pay for state services. A shrinking population of citizens with buying power not only hurts government coffers, but can weaken a state politically by virtue of the potential loss of U.S. House members through Congressional redistricting.

Maryland Federation Of Chapters

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