

## NARFE'S 2019 MARYLAND STATE LEGISLATIVE PROGRAM

National Active and Retired Federal Employees (NARFE), Maryland Federation of chapters, represents approximately 300,000 Federal employees and annuitants and the more than 800,000 seniors aged 65 and older in Maryland.

### What We Want!

- Tax relief for Maryland taxpayers
- Tax incentives for long-term health care insurance
- Increase in the standard homeowners tax credit

### Why We Want it!

- The Federal tax plan has resulted in a tax hike for many Marylanders who itemize deductions.
- This tax increase adversely impacted many seniors living on fixed incomes.
- Out-of-pocket health care costs for seniors over 65 are more than double that of younger tax payers.
- To help seniors to be better able to age in place, change the Homeowners Tax Credit formula to increase the tax credit for eligible homeowners.

### Why You Should Support This Request!

- Maryland has one of the highest costs of living in the nation which discourages “aging in place” and encourages migration to senior friendly states.

- Losing seniors has an adverse economic impact on Maryland.
- Seniors spend their money rather than save for the future since, for seniors, the future is now.
- Spending by seniors stimulates the state's economy, creates jobs, and positively impacts small businesses.
- Any lost tax revenue, due to a reduced tax burden on seniors, will be significantly offset by the additional sales tax generated and economic growth from senior purchases in Maryland.
- Senior volunteerism provides the state with numerous social, cultural, and economic benefits.
- Other states actively recruit seniors with tax incentives because they recognize the value of seniors as economic engines for job and revenue generation.
- 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.
- Since most seniors no longer have school age children, they do not receive the same benefits from their taxes as younger tax payers who do.

### What We Need Legislators To Do!

- Keep seniors in Maryland. To do this, Maryland must aggressively compete with other states by eliminating or significantly reducing current taxes on retirement income.
- Decouple Maryland and Federal tax itemization for taxpayers who itemize tax deductions. This would enable Maryland to

add back many of the tax deductions eliminated in the Federal tax code.

- While Maryland has a general pension exclusion tied to Social Security, we are looking for it to be expanded to all retirement income.
- A 1990's Maryland tax code revision raised the additional senior tax exemption to \$3200 but inadvertently limited it to just dependents over the age of 65. This needs to be corrected. The current additional senior tax exemption of \$1000 must be raised to \$3200 for all senior taxpayers 65 or older.

### Why Legislators Need To Do It!

- Reducing taxes on seniors would encourage Maryland seniors to remain in Maryland and encourage immigration from other states. This would improve Maryland's economy.
- The simple math is the less you deduct the more tax you pay. Eliminating tax deductions represented a tax hike for all those Marylanders who ordinarily itemize their deductions. This must be corrected.

### What Else Needs to be Done and Why!

#### Healthcare Actions

- A recent study by Georgetown University concluded that Americans are seriously under-estimating their future needs for long term care.
- Americans over the age of 85 have a 50% chance of being afflicted with

Alzheimer's disease. This means that those seniors will require institutionalized or specialized home medical care.

- Rising operational costs have caused insurance vendors to leave Maryland. This has increased policy premiums on long-term care insurance. It is less attractive to new policy holders and more difficult for current policy holders to retain long-term care insurance.
- 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 which currently constitutes a quarter of the Maryland budget.

#### Long-term Care Insurance Action

- Encourage the purchase and retention of long-term care insurance. Premiums are relatively lower for the younger senior population, ages 50 to 60.
- A more attractive \$500 annual tax credit on long-term care insurance, combined with reduced taxes on pensions, will serve to encourage the purchase and retention of long-term care insurance. Seniors maintaining long-term care insurance would lessen Maryland's MEDICAID costs.

#### Homeowners Tax Credit Action

- The current Homeowners Tax Credit (HTC) Program is limited to low and moderate income homeowners.
- To retain and increase the Maryland senior population, give the homeowners tax credit to all owners 65 or older. Adjust the tax schedules for inflation and increase assessment limits.

**CONCLUSION:** There are many important reasons Maryland state leaders must ensure that our senior population grows rather than shrinks. A growing senior population means more commerce, more economic vitality, and a bigger tax base to pay for state services. A shrinking senior population means a loss of state tax monies and can weaken the state politically if the loss impacts the drawing of Congressional district lines.



## Maryland Federation Of Chapters

National Active and Retired Federal  
Employees Association

## 2019 MARYLAND STATE LEGISLATIVE PROGRAM

Contact the State Legislation Committee

Paul Schwartz, Chair  
[pksyanks@aol.com](mailto:pksyanks@aol.com)  
(240) 838-2200

Robert Doyle, Vice Chair  
[bdoyle47@verizon.net](mailto:bdoyle47@verizon.net)  
(410) 798-0079