

*Welcome!*

# **3<sup>rd</sup> ANNUAL LEGISLATIVE LISTENING SESSION**



*Maryland Military Coalition*

# The Maryland Military Coalition

- Currently 22 **veteran and military groups** representing over 150,000 service-connected individuals
  - Active duty and their families
  - Retirees and their families
  - Veterans and their families
  - Survivors
  - Caregivers
  - Guard/Reserve
- A registered **non-profit, non-partisan advocacy organization**
- Seeks to **protect** and **enhance** the **well-being** of the **total military community** in Maryland



# MD Military Coalition Members

- Air Force Sergeants Association
- American Military Society
- American Minority Vets Research Project
- Association of the U.S. Navy
- Commissioned Officers Association of the US Public Health Service
- Disabled American Veterans
- Fleet Reserve Association -- Annapolis
- Jewish War Veterans of the U.S.
- MD Air National Guard Retirees Association
- MD National Association of Retired Federal Employees Veterans Committee
- MD Veterans Chamber of Commerce
- Military Officers Association of America
- Military Order of the Purple Heart
- Military Order of the World Wars
- Montford Point Marines of America
- National Association of Black Veterans
- Naval Enlisted Reserve Association
- NOAA Association of Commissioned Officers
- Platoon 22
- Reserve Organization of America
- Society of Military Widows
- Veterans of Foreign Wars



# INTRODUCTIONS



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# 2025 LEGISLATIVE GOALS



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# MMC's 2025 Legislative Goals

- Eliminate state income tax on military retirement pay
- Prohibit companies from charging veterans for claims unless the business is accredited by the US VA
- Expedite professional licensure and certification of health occupations for spouses of uniformed services members
- Enable counties and local jurisdictions to adopt the provisions of the Families Serve Act of 2024 and Time to Serve Act of 2024



# MARYLAND AND THE MILITARY COMMUNITY



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# Maryland and Defense Spending\*

## Home to 20 military facilities

- Ranks 6<sup>th</sup> in total Defense spending (\$27.8 billion)
- Ranks 7<sup>th</sup> in Defense spending as a percentage of State GDP (5.4%)
- Ranks 6<sup>th</sup> in Defense contract spending (\$18.3 billion)
- Ranks 5<sup>th</sup> in Defense personnel spending (\$8.7 billion)
- Ranks 8<sup>th</sup> in total Defense personnel (93,351)<sup>1</sup>
  - Active duty – 35,669<sup>2</sup>; Guard and Reserve – 25,640<sup>2</sup>
  - Civilian – 47,609\*

\* Source: Defense Spending by State, Fiscal Year 2023, DoD Office of Local Defense Community Cooperation, as of 9/30/23

<sup>1</sup> Includes all active duty, civilian, National Guard, and Reserve personnel

<sup>2</sup> Source: Defense Manpower Data Center, Dec. 31, 2023



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# Maryland Military Demographics\*

State residents (DoD only) include:

- 35,669 active-duty service members
- 13,840 active-duty spouses
- 27,060 active-duty children
- 25,640 National Guard and Reserve members
- 10,655 National Guard and Reserve spouses
- 16,874 National Guard and Reserve children
- **52,025 military retirees; 6,321 survivors<sup>1</sup>**

**348,459 veterans**

\* As of December 31, 2023, <https://public.militaryonesource.mil/state-policymakers-inquiry>

<sup>1</sup> As of December 31, 2023, <https://actuary.defense.gov/>

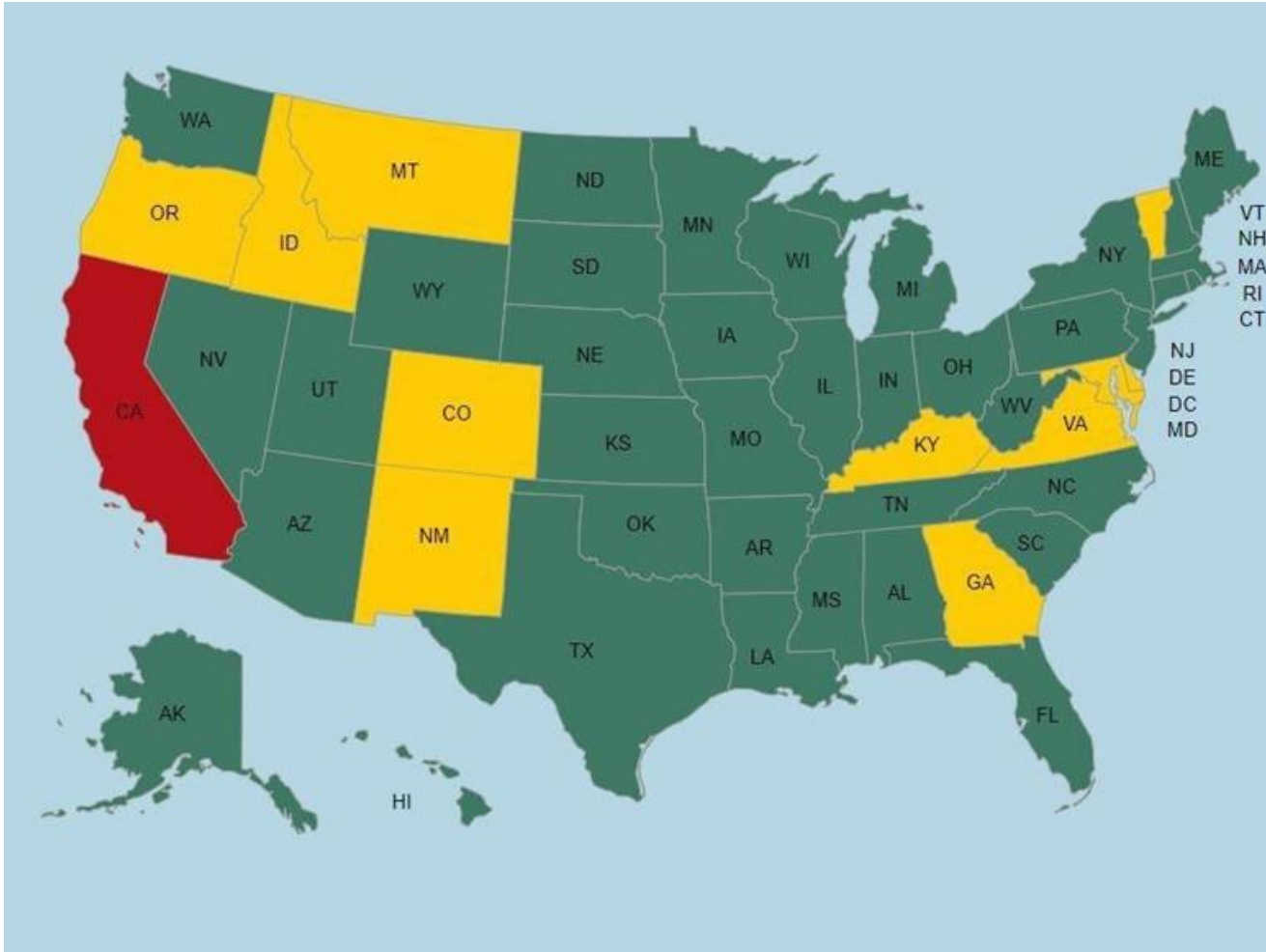


# ELIMINATING THE TAX ON MILITARY RETIRED INCOME



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# States That Do Not Tax Military Retired Pay



**MO, NE, & OK:**  
Survivor Benefit  
Pay not exempt

Source:  
MOAA, as of  
Aug 7, 2024



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# Maryland is at a Competitive Disadvantage

- **38 states** fully exempt military retirement pay from state taxation with no age restriction
- Three states contiguous to Maryland either fully exempt military retirement pay (PA, WV) or will exempt more (VA) in 2025
- All four states contiguous to Maryland have no age restriction on exempting military retirement pay
- The number of military retirees and survivors in Maryland has decreased a net of 951 since 2019

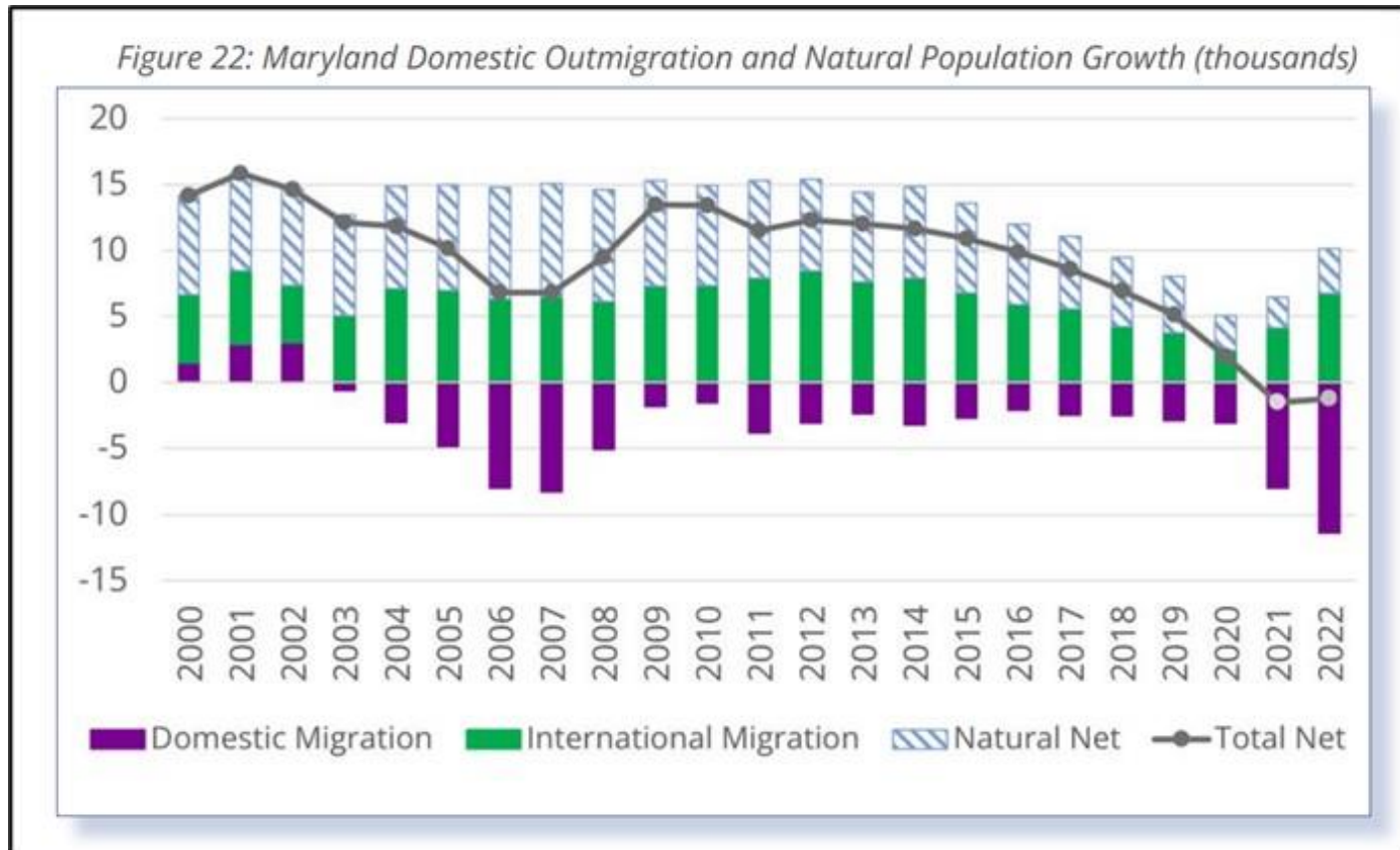


# Costs of Not Eliminating the State Tax

- The number of military retirees in Maryland will continue to decline as they leave for other states that do not tax military retired pay
- **Continued loss of additional tax revenue** from individuals **commuting** or **remote working** from other states that do not tax military retired pay
- Vacancies in Defense, healthcare, cyber, IT, research, education and healthcare will remain unfilled
- **Loss of additional tax revenue from second-career incomes** and family spending **as military retirees leave** for other states



# Costs of Not Eliminating the State Tax

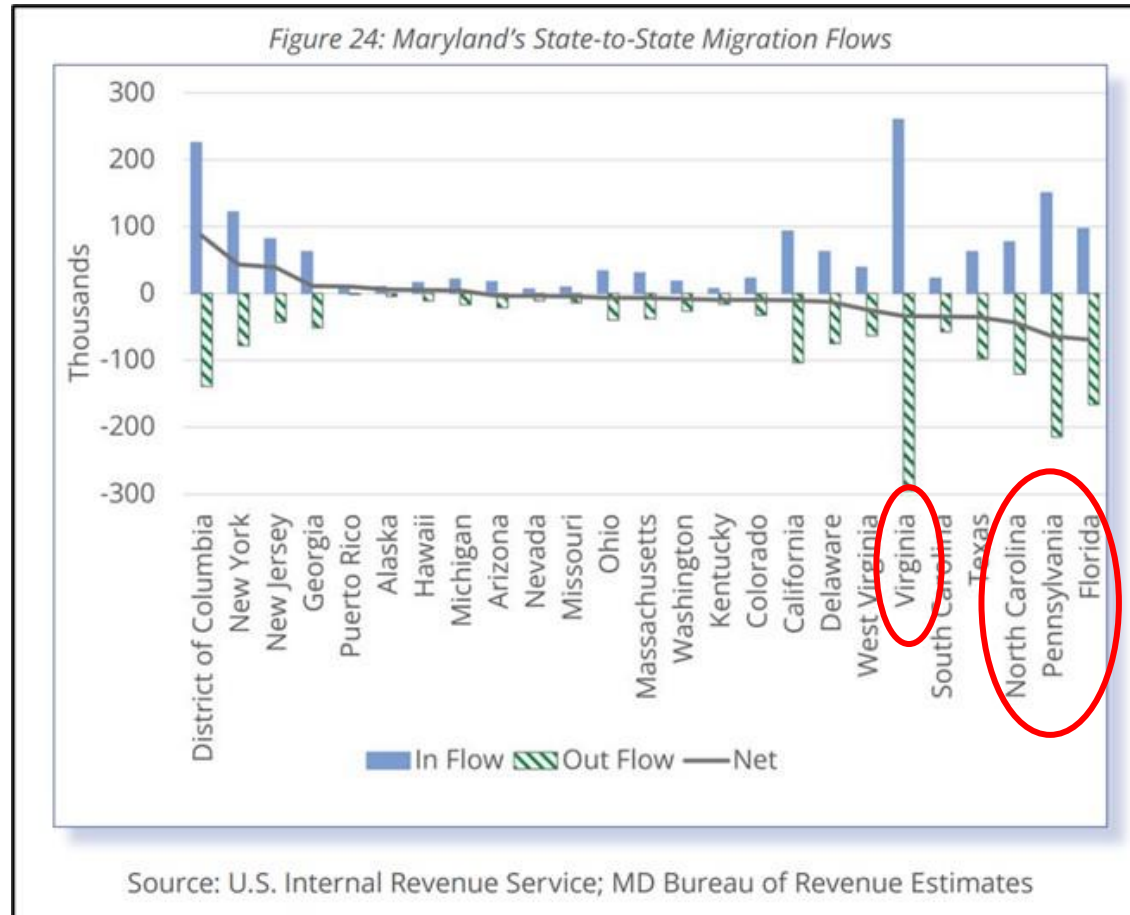


Source: Maryland State of the Economy, 2023, page 47; <https://www.marylandtaxes.gov/reports/static-files/SOTE.pdf>



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# Costs of Not Eliminating the State Tax



**Net decrease of 951, 2019 - 2023**

Source: Maryland State of the Economy, 2023, page 51; <https://www.marylandtaxes.gov/reports/static-files/SOTE.pdf>



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# Benefits of Eliminating the State Tax

- Incentivizes military retirees to *stay, live, work, and spend* in Maryland
  - Most retiring service members are in their late 30s to early 40s
  - Will work in the private sector for up to 25 years
  - Their families will also contribute to Maryland's economy
- Retirees bring expertise and critical skills to occupations where serious shortages currently exist
- ***Second career incomes, including working spouses, would be fully taxable, offsetting the cost of exempting military retired pay***





# Which is More Accurate?

VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

2024  
OMB No. 1545-0119  
Form 1099-R

Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

1 Gross distribution \$  
2a Taxable amount \$ Total distribution \$  
2b Taxable amount not determined  4 Federal income tax withheld \$

3 Capital gain (included in box 2a) \$ 6 Net unrealized appreciation in employer's securities \$

5 Employee contributions/Designated Roth contributions or insurance premiums \$ 8 Other %  
RAV/SEP/SIMPLE \$ Total employee contributions \$

7 Distribution code(s) 9a Your percentage of total distribution % 9b State/Payer's state no. 16 State of residence %

10 Amount allocable to IRR within 5 years \$ 11 1st year of design Roth contrib.  12 FATCA filing requirement  13 Date of payment \$ 14 State tax withheld \$ 15 State/Payer's state no. 18 Name of locality Department of the Treasury

17 Local tax withheld \$

1099-R

www.irs.gov/Form1099R

Copy 1 For State, City, or Local Tax Department

MARYLAND FORM 502SU SUBTRACTIONS FROM INCOME ATTACH TO YOUR TAX RETURN

2023

235025049

Your First Name  
Your Last Name  
Spouse's First Name  
Spouse's Last Name  
Your Social Security Number  
Spouse's Social Security Number

Subtractions from income. Determine which subtractions from income apply to you. See Instruction 13

a. Payments from a pension system to firemen and policemen for job-related injuries or disabilities (but not more than the amount included in your total income) . . . . . a. \$ 00  
b. Net allowable subtractions from income from pass-through entities not attributable to decoupling . . . . . b. \$ 00  
c. Net subtractions from income reported by a fiduciary . . . . . c. \$ 00  
d. Distributions of accumulated income to the State (but not more than the amount included in your total income) . . . . . d. \$ 00  
e. Profit (without regard to losses) from the sale or exchange of bonds issued by the State or local governments of Maryland . . . . . e. \$ 00  
f. Benefits received from a Keogh plan on which State income tax was paid prior to 1967. . . . . f. \$ 00

Attach statement . . . . . \$ 00

Amount of wages and salaries (deductible as a deduction due to the Work Opportunity Credit)

o. Value of farm products you donated to a gleaning cooperative. . . . . \$ 00

Attach a copy of the certification. . . . . \$ 00

p. Overseas military subtraction (Use worksheet from Instruction 13.) . . . . . \$ 00

q. Unreimbursed vehicle travel expenses. Complete and attach Form 502V . . . . . \$ 00

r. Amount of pickup contribution shown on Form 1099R from the State retirement or pension systems included in federal adjusted gross income. . . . . \$ 00

s. Amount of interest and dividend income (including capital gain distributions) of a dependent child that is included in the parent's federal gross income under the Internal Revenue Code Section 1(g)(7). . . . . \$ 00

t. Relocation and transition payments received from the State of Maryland under Title 20, Subtitle 2 of the Real Property Article . . . . . \$ 00

u. Military Retirement Income. Individuals at least 55 years of age on the last day of the taxable year may claim up to \$20,000 of military retirement income under the Internal Revenue Code Section 1(g)(7). . . . . \$ 00

v. Individuals under the age of 55 on the last day of the taxable year may claim up to \$12,500 of military retirement income received in the taxable year. . . . . \$ 00

w. Up to \$15,000 in income from an employee retirement system that is attributable to service as a public safety employee for a taxpayer who is age 55 or older on the last day of the taxable year. If you qualify, you must be a retired correctional officer, firefighter, police officer, or member of fire, rescue, or emergency services personnel of the United States, Maryland, or a political subdivision of Maryland. . . . . \$ 00

COM/IRAD-026



# Maryland Military Coalition Recommends

Phasing in the elimination of the State Tax on military retired pay:

- In Tax Year 2025
  - Eliminate the 55-year-old age restriction
  - Raise the \$12,500 under 55 exemption to \$20,000
- In Tax Year 2026
  - Exempt 50% of military retired pay but not less than \$20,000
- In Tax Year 2027
  - Exempt 100% of military retired pay



# **PROHIBIT COMPANIES FROM CHARGING VETERANS FOR CLAIMS UNLESS ACCREDITED**



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# Identifying a Claim Predator

- Target Veterans' benefits via mail, telephone, or on-line channels
- Charge high fees or require a veteran to pay them a portion of the VA benefits
- Make deceitful promises such as guaranteeing a rating or faster claim processing time
- Require a binding contract for a percent of the benefits in exchange for help with the veteran's claim



# Prohibit Claim Predator Companies

- Growth of unaccredited VA benefits for-profit companies has exploded since PACT Act of 2022
- Agencies unable to hold these companies accountable under current law
- Eight states have either banned or restricted for profit claims companies
- New Jersey sued by Veterans Guardian; lost in 3<sup>rd</sup> District Court; appeal heard on November 8th
- Legislation pending in Congress to restore penalties



# Maryland Military Coalition Recommends

- Refiling of claim predator legislation in lieu of no federal action to date
- Legislation was proposed in 2024 session to regulate these companies in Maryland (SB0831/HB0875)\*
  - Did not make it out of committee due to the pending New Jersey litigation

\* Introduced by SEN Klausmeier (D-8) and DEL Allen (D-8)



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# **ENABLING LEGISLATION FOR THE FAMILIES SERVE AND TIME TO SERVE ACTS**



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# Maryland Military Coalition Recommends

Enabling legislation at the county and local jurisdiction level to adopt provisions of both acts:

- Hiring preference for spouses of members of the uniformed services
- Up to 30 days of either disaster service leave or uniformed services training or active uniformed services duty

**Creates a “level playing field” for all members of the National Guard and federal reserve**





# **EXPEDITED PROFESSIONAL LICENSURE & CERTIFICATION FOR HEALTH OCCUPATIONS**



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# Problem

Over the last 60 years, the number of jobs requiring an occupational license, or government approval to practice a profession, **has grown from about one in 20 to one in five.** License portability, affects service members, veterans and their spouses **more** because:

1. Active-duty service requires that service members and their families move every two to three years;
2. Like most American families, **military families want and need two incomes - 78% are employed**
3. **One-third of active-duty spouses** are in professions that require a government-issued license;
4. And, licenses from one state **DO NOT** always easily transfer to another state.



# Military Spouses by the Numbers\*

- 22% are unemployed, five to six times the rate of their counterparts without a military connection
- 38% reported that it took more than three months to start employment after most recent relocation
- 61% who needed new license/certification report it took two+ months to start working with 20% waiting nine+ months or longer
  - Greatest proportion reported losing \$5,000 - \$10,000 in income
- 81% with licenses/certifications honored at new duty station able to work as soon as they arrived

\* 2023 Blue Star Families Military Families Lifestyle Survey, <https://bluestarfam.org/research/mfls-2023/>



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# Current Maryland Procedures

- Portability provision of §705A of the Servicemembers Civil Relief Act\*:
  - Covered license
    - Maryland issues a “Letter of Recognition” (not a license)
  - Interstate Licensure Compacts
- Veterans Full Employment Act of 2013 (SB273/HB225)
  - Requires certain licensing units to issue a temporary expedited license following a completed application
  - Only health occupations are required to issue a temporary expedited license within 15 days of application
  - No mandatory reporting requirement since 2014

\* Sec. 19, Portability of Professional Licenses of Members of the Uniformed Services and Their Spouses, 50 USC 4025



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# Advantages of Compacts

- Take precedence over the licensure portability provision of §705A of the Servicemember Civil Relief Act
- Most compacts allow military spouses to **designate a home state for their license, ensuring** that there is **no license transfer with each move**
- Compacts developed through extensive consensus-based process from existing policies across many states
- Specific to the needs of each profession
- **Preserve state sovereignty** with state-to-state cooperation
- **Can start working more quickly**



# Issues a Compact Can Resolve

Enactment of interstate licensure compacts in key occupations will result in the following benefits for active-duty members of the uniformed services, their spouses, and veterans:

- **Remove** the **barriers** to employment
- **Remove** the **one-year limitation** on veterans
- **Discontinue** the issuing of “**Letters of Recognition**”



# Maryland Military Coalition Recommends

Focus on enacting the following interstate licensure compacts:

- Dentist and Dental Hygienist Compact\*
- Dietician Licensure Compact
- EMS licensure compact\*
- Physician Associates Compact\*
- Interstate Compact for School Psychologists

Find an acceptable legal alternative to Letters of Recognition for all non-compact occupations

\* Denotes a compact that has been enacted and is active in seven or more states



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Maryland Military Coalition Supports

**ESTABLISHMENT OF A  
MARYLAND WOMEN'S  
VETERAN MEMORIAL**



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# What There Currently Is

- Currently 52,338 MD women veterans\*
- Currently a non-descript plaque at the Chesapeake House rest area on I-95 between Washington and Baltimore
  - In obscure area behind the building among picnic tables
- NOT on any of the memorial lists
- Was free—a “gift” from the contractor who won the right to build the rest area.



\* MD Department of Veterans and Military Families 2023 Annual Report



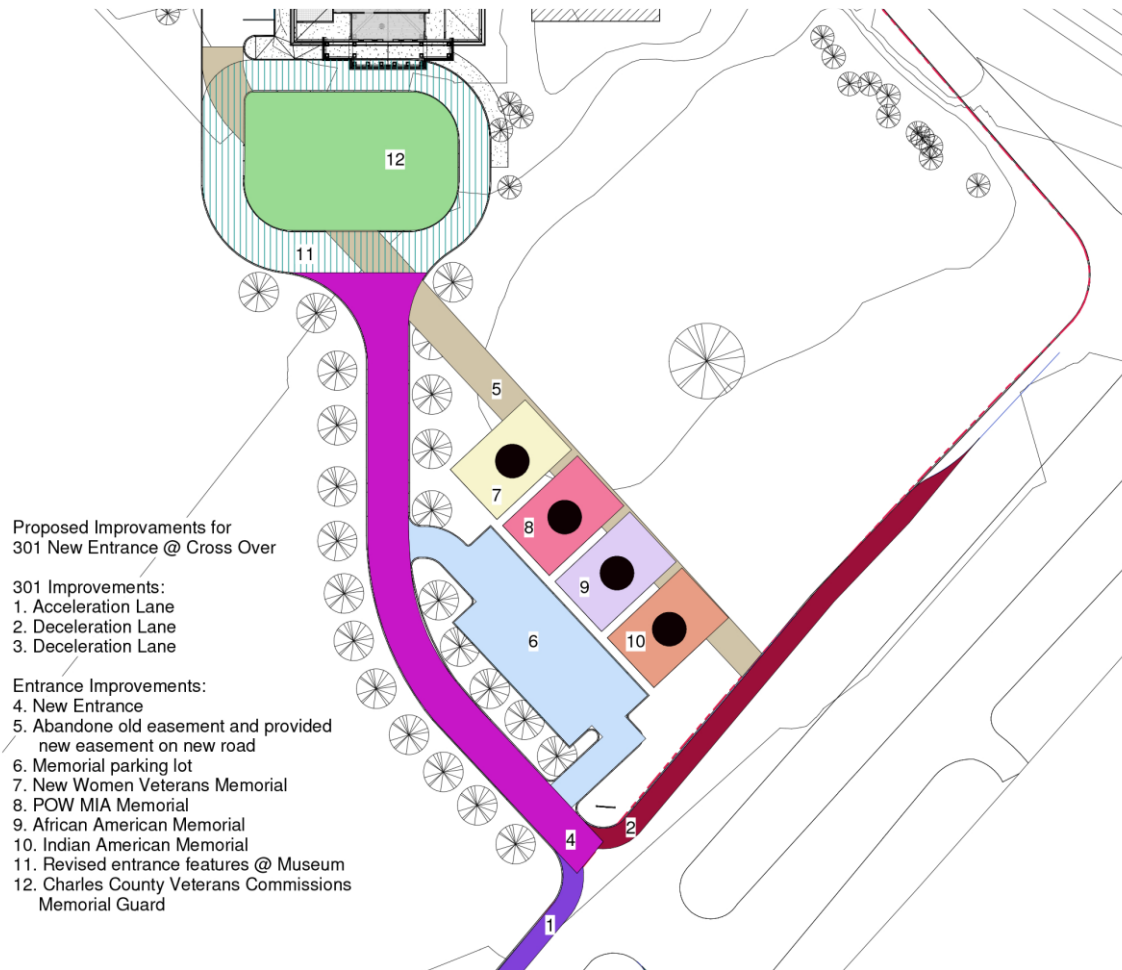
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# Three Commissions Have Met and Made Recommendations

- Most recent, 2023, chaired by the late Karen Calvert
- Each commission recommended a memorial at the site of the Maryland Veterans Museum at Patriot Park in Newburg, MD
- Site was approved by the Governor
- No monies have been approved and appropriated
- Commission requested that they be extended for five years to see the memorial through completion



# Schematic of Women's Memorial at the Maryland Veterans Museum

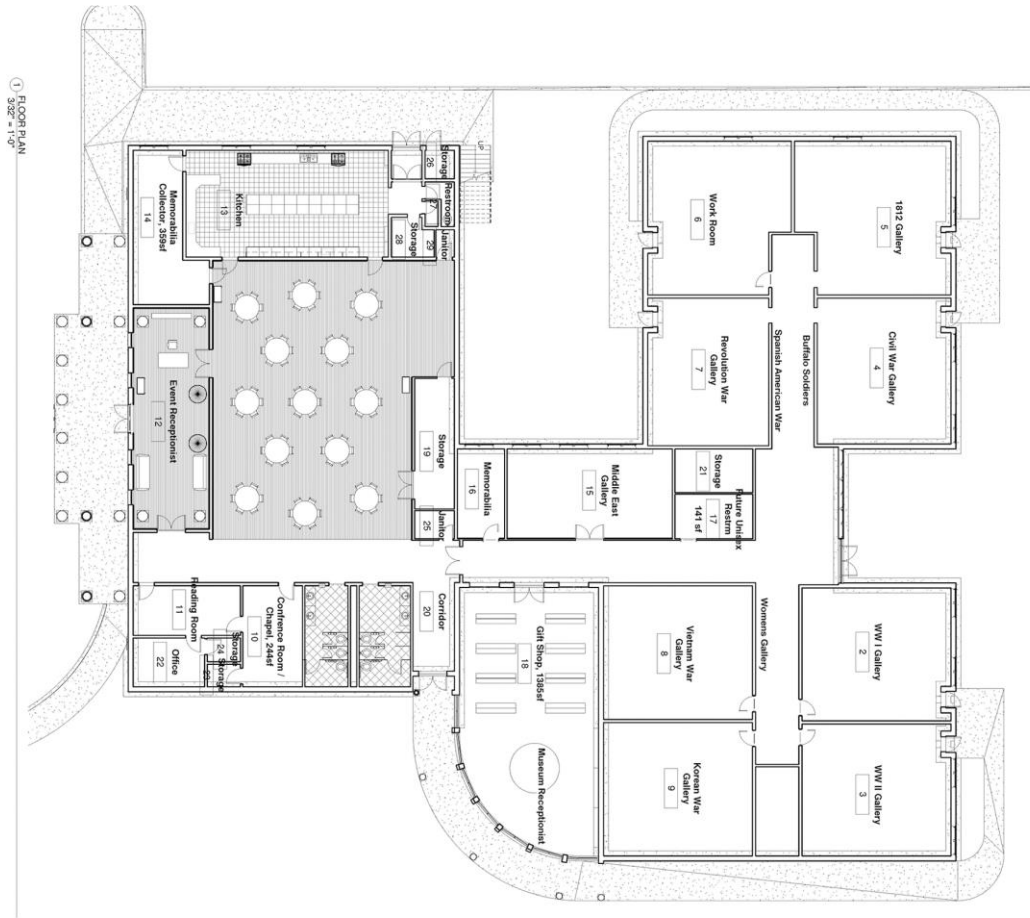


# Plan showing MD 301 entrance to the Womens Memorial and the Museum



# Maryland Veterans Museum Floor Plan

## 20,000 sf Exhorts Women's Contributions



# Maryland Military Coalition Supports

- Establishment of a Maryland Women's Veteran Memorial at the Newburg, MD site
- Establishment of a timeline for completion of the memorial
- Appropriation of state funding for completion of the memorial



# VETERANS CAUCUS DISCUSSION



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# OPEN DISCUSSION



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Thanks for  
Attending!

**WRAP UP**



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# BACK UP SLIDES



# Military Spouses by the Numbers\*

- N=13,840 DoD (only\*) spouses in Maryland
- 30% have a four-year degree
- Most work. 67% had to quit a job because of a PCS move:
  - Earn 26.8% less in income than their non-military counterparts because of frequent moves
  - Average time to re-license, transfer or renew a credential is 1-6 month (51%); **7-12 months (11%); and >12 months (8%)**
  - Average time to find a new job is **19 weeks** = \$12,374 per year in lost wages trying to relicense or find work in a new state.
- 49% say finding re-employment is one of the most critical problems during a move (7<sup>th</sup> consecutive year)
- 22% are unemployed\* compared to Maryland's 2.9%  
(\*unchanged since 2015)



# WHICH OCCUPATIONS REQUIRE A LICENSE, CERTIFICATE OR REGISTRATION

Non-Health <sup>1</sup>		Health <sup>2</sup>	
Architects	Individual Tax Preparers	<b>Audiology, Hearing Aid Dispensers, Speech /Language Pathologists*</b>	<b>Nurses/</b> Advance Practice Nurses*/ Certified nursing assistants/ Geriatric nurse assistants
Barbers	Landscape Architects	Acupuncturists	<b>Occupational Therapists</b>
Certified Interior Designers	Land Surveyors	Child Care Providers	Optometrists/ Opticians
Certified Public Accountants	Pilots	Chiropractors	Pharmacists/ Pharmacy Techs
<b>Cosmetologists*</b>	Plumbers	Dentists/Dental Assistants*	<b>Physical Therapists</b>
Electricians	Professional Engineers	Dieticians*	<b>Physicians/</b> Podiatrists
Foresters	Realtors, Appraisers, Home Inspectors	Environmental Health Specialists	<b>Professional Counselors/Therapist</b>
Home Improvement	Second Hand Precious Metal Dealers & Pawnbrokers	Morticians/ Funeral Directors	<b>Psychologists/</b> School Psychologists
HVAC	Stationary Engineers	Nursing Home Administrators	Social Workers

<sup>1</sup> [Department of Labor](#)

<sup>2</sup> [Department of Health](#)



# Other Facts

- “Maryland has the 28th most burdensome licensing laws in the entire county” (Archbridge Institute)
- The Department of Defense has supported expedited and compact licensure for over 16 years
- July 19, 2024 the Army announced that spouses can qualify for reimbursement up to \$1,000 to cover relicensing and business fees
  - Exam fees
  - Continuing education
  - Certifications, business license, permit and registrations

