The Weekly Scenario: Governor Hogan Signed into Law the Maryland Tax Reduction Act on Friday, April 1st.

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By Steven E. Shane

The act will cut retirement taxes by eliminating all state tax on the first $50,000 of income for retirees making up to $100,000 in federally adjusted gross income. Retirees with Maryland income will pay no state tax up to $50k. This is purported to be the largest tax reduction for Maryland residents in two decades. The tax reductions are scheduled to be phased in over five years, beginning this year.

In addition, Governor Hogan will be introducing the Hometown Heroes Act to exempt retired law enforcement, fire, rescue, corrections, and emergency response workers from state tax on all retirement income specific to the profession. In 2017, the Governor exempted the first $15,000 of these employees' income. He will push to exempt income on these professions and lower the age of eligibility from 55 to 50 years.

Specifically, this bipartisan tax relief agreement includes the following provisions for FY23-FY27:

- **Tax Relief for Retirees**65 and older making up to $100,000 in retirement income, and married couples making up to $150,000 in retirement income. As a result, 80% of Maryland's retirees will receive substantial relief or pay no state income taxes at all. ($1.55 billion)
- The **Work Opportunity Tax Credit**incentivizes employers and businesses to hire and retain workers from underserved communities that have faced significant barriers to employment. ($195 million)
- **Family Budget Boosters**: sales tax exemptions for childcare products such as diapers, car seats, baby bottles and critical health products such as dental hygiene products, diabetic care products and medical devices. ($115.6 million)

Signing ceremony later this week!

As always, if you have any questions or would like to learn more, please contact Steve Shane at sshane@offitkurman.com or 301.575.0313.