

Chair Nathanson, Vice-Chairs Reschke and Walters, and members of the House Committee On Revenue

My name is Joe Spendolini, I am the Chair of the Klamath County Chamber of Commerce Government Affairs Committee and I thank you for the opportunity to offer this testimony in support of SB 225 A.

According to the website “Veteran.com”, as of January 2024, California and the District of Columbia (Washington, D.C.) are the only locations with no exemption for military retirement pay, which means military retirement pay is taxed at the standard state income tax rate.

Oregon is the third state in the country that provides no exemption for military retirement pay earned after October 1, 1991.

The following 9 states don’t require military members to pay state income tax on military retirement pay because there is simply no state income tax collected:

1. Alaska
2. Florida
3. Nevada
4. New Hampshire (dividend and interest taxes only)
5. South Dakota
6. Tennessee
7. Texas
8. Washington
9. Wyoming

26 States That Don’t Tax Military Retirement Pay (But Have State Income Tax)

10. Alabama
11. Arizona
12. Arkansas
13. Hawaii
14. Illinois
15. Indiana
16. Iowa
17. Kansas
18. Louisiana
19. Maine
20. Massachusetts

21. Michigan
22. Mississippi
23. Missouri
24. Nebraska
25. New Jersey
26. New York
27. North Carolina
28. North Dakota
29. Ohio
30. Oklahoma
31. Pennsylvania
32. Rhode Island
33. South Carolina
34. West Virginia
35. Wisconsin

There are 12 States With Other Special Tax Provisions for Military Retirement Pay:

36. Colorado – Depending on age, up to \$24,000 of military retirement pay may be exempt from state taxes.
37. Delaware – Taxpayers below 60 may exclude up to \$2,000 of military retirement pay. Military retirees aged 60 or older can exclude up to \$12,500.
38. Georgia – Georgia has a provision for any retirement income, including military retirement pay. Taxpayers below 62 may qualify for an exemption of \$17,500 or above, depending on their income level. Taxpayers 62 or older or permanently disabled, regardless of age, may be eligible for a retirement income adjustment on their Georgia tax return. Taxpayers age 62 to 64 may qualify for an exemption on military retirement pay up to \$35,000, while those 65 and older can be eligible for an exemption up to \$65,000.
39. Idaho – Up to \$41,140 of qualified retirement benefits (including military retirement pay) may be exempt for single filers 65 or older. Such deductions must be reduced by retirement benefits paid under the Federal Social Security Act or the Tier 1 Federal Railroad Retirement Act. The total maximum deductions vary each year.
40. Kentucky – All military retirement pay is exempt from state income tax for those who retired before 1997. For those who retired after 1997, military retirement pay is subject to state tax when the pay exceeds \$31,110.
41. Maryland – Military retirees don't pay state income taxes on the first \$5,000 of their retirement income. Those over age 55 who are totally disabled or have a spouse who

is disabled can receive up to \$15,000. Tax deductions may vary from year to year.

42. Minnesota – Minnesota offers a military retirement pay exemption or the ability to claim credit for past military service. Requirements for each option vary, so verify your eligibility with the Montana Department of Revenue.

43. Montana – Allows a partial military retirement pay exemption depending on your income level and other stipulations.

44. New Mexico – Allows a military retirement exemption of \$20,000 in 2023. For years 2024 to 2026, up to \$30,000 of military retirement pay may be exempt.

45. Utah – Utah offers a credit for Military Retirees. You can multiply your taxable income by 0.0485 to calculate your specific credit amount. For more information, contact the Utah State Tax Commission.

46. Vermont – If you make less than \$50,000, you may exempt \$10,000 of your military retirement income.

47. Virginia – Virginia allows a deduction of \$20,000 of retired military pay for the 2023 tax year and \$20,000 for the 2024 tax year. For 2025 and later, \$30,000 of eligible military benefits may be deducted.

You cannot succeed through to retirement in the military unless you possess certain characteristics, like: Self-discipline, learn and follow rules – even those you don't like or agree with, you show respect to those in authority – whether you like them or not, you become master of a trade or develop expertise in law, medicine, engineering and many other professions. We are competing with these other states when it comes to attracting quality individuals like these to remain in our communities.

Our community and our state are very fortunate to be the home of Kingsley Field and the 173rd fighter squadron that trains and supports active-duty Air Force fighter pilots that work hard to protect our nation. These are highly skilled individuals that built their careers in highly technical and demanding areas that bring so much to our community and our state. I think we should strive to do what we can to keep them in our communities.

Individuals that serve in the military sacrifice so much for us, as do their families. It's not unusual for service members to be deployed and away from their families for months at a time. This takes an incredible amount of commitment to serving others.

The individuals that do serve us in the military are very civic minded, when they're not away from home, you'll find many of them volunteering throughout our community in events, committees, and on nonprofit boards.

I respectfully ask that you vote to support those individuals that have retired from military service after sacrificing so much for us all, by voting YES on SB 225 A. Let's do what we can

to keep them with us...we're a better place with them here.

Respectfully,

Joe Spendolini

Klamath County Chamber of Commerce

Chairman, Government Affairs Committee