

DATE

The Honorable
California State Assembly

Subj: Uniformed Services Retirement Pay and Survivor Benefits Personal Income Tax Exclusion for California

Dear Senator / Assemblymember XXX XXXX:

California is the only state in the nation that does not provide a personal income tax exclusion to Uniformed Service retirees and Survivors. California is home to the nation's third-largest Uniformed Service retirees and Survivors community, with approximately 165,000 members.

Between 2013 and 2020 the nation's population of Uniformed Service retirees has increased by approximately 1.015%, while California had an annual decline of 2%-3% in the state's Uniformed Services retiree population. Nevada showed a gain of 10% and Arizona a gain of 6%. Both Arizona fully exempts Uniformed Services retiree pay and Survivor benefits from state income tax and Nevada does not have a state income tax. A significant cause for this migration from California is no exclusion for personal income tax.

Recent studies conducted by the San Diego Military Advisory Council, California Governor's Military Council, and others agree that retaining Uniformed Service retirees in California provide a valuable workforce and economic development tool for California. These studies also show that Uniformed Services retirees generate millions of dollars in general tax revenue for the state's economy from their 2nd careers. Of note, many Uniformed Service members when on active duty are residents of a state that does not tax their active duty pay, thus when retirees remain in California, California GAINS Personal Income Tax revenues from Uniformed Services retired pay and second career pay.

Uniformed Services retirement pay is earned for 20 years of service. Most servicemembers retire in their early-40s. California cities and counties would also benefit from local tax contributions and a cohort of productive, stable professionals retained in their communities.

California would benefit economically if the state exempted all Uniformed Services and Survivor benefits pension from the state's personal income tax. Retaining and potentially attracting military Uniformed Services retirees would benefit the state's total personal income tax revenues, sales tax receipts, and property taxes.

California is in a unique position in that it can both honor our Uniformed Service retirees while at the same time enhancing its skilled workforce and bolstering the general tax fund.

I applaud Assemblymember Ramos's valiant attempt in the 2022 legislative session to exclude uniformed services retirement from state taxes". I am asking for your support in 2023 and join Assemblymember Ramos in his efforts to recognize the benefits to both California and the men and women who serve for 20 years or more in the uniformed services.

At your request would be pleased to provide you with additional information.

Thank you,
Signature
Your name
Your mailing address