

Vermont Military Retiree and Survivor Information

As of 30 September 2014

Military Retirees Paid by Department of Defense (DoD)	3,551
Military Retirees Paid by DoD Age 65+	2,175
Military Survivors Paid by DoD	730
Total Vermont Veteran Population	48,602

Sources: Department of Veteran Affairs, Department of Defense Office of the
Actuary

Vermont Military Veterans/Retiree Data

As of 30 September 2013, Vermont's Veteran population was **48,812**.

According to DoD Office of the Actuary, as of 30 September 2014, Vermont's Veteran population was **48,602**.

Vermont Military Retirees 2004 – 2014

<u>Year</u>	<u># of Retirees</u>	<u>Paid by DoD</u>	<u>Monthly Pay (in thousands)</u>
2004	3,402	3,162	4,376
2005	3,456	3,218	4,625
2006	3,522	3,284	4,905
2007	3,603	3,363	5,186
2008	3,641	3,406	5,379
2009	3,746	3,514	5,841
2010	3,787	3,561	5,860
2011	3,785	3,554	5,875
2012	3,778	3,537	6,078
2013	3,763	3,516	6,106
2014	3,810	3,551	6,357

Source: DoD Office of the Actuary, Veterans Administration

Some Assumptions Concerning Exempting Vermont Military Retiree Pay from State Income Taxes

As of 30 September 2014, 3551 military retirees in Vermont were paid by the Department of Defense (DoD). These men and women received an aggregate \$6,357,000 per month in gross pay.

2,175 of these retired individuals are ages 65 and older.

Using simple math, the average gross pay per person was \$21,482.40 per year.

Assuming a federal income tax rate of 5%, the retiree paid \$1,074.12 to the U.S. government.

Assuming a Vermont income tax rate of 2.5%, the individual paid \$537.06 to the state of Vermont.

The net average yearly income per retiree is about \$19,871.22.

Multiply \$537.06 in income taxes by 3551 retiree and \$1,907,100 is the revenue the state of Vermont would recognize in one year.

Assume that \$1,907,100 is tax exempt. Assume that every dollar injected into the Vermont economy generates \$2.50. Multiply \$2.50 by \$1,907,100 and \$4,767,750 is generated..

Are all the tax exempt dollars going to be spent in Vermont? Of course not, but the goal of this bill is twofold:

- 1) To keep Vermont competitive with our neighboring states that do not tax military retiree pay,

- 2) To attract young retirees to the state of Vermont.

Comparison of Vermont's Taxation Policies of Military Retirees and Military Disabled to Tax Policies of Bordering States.

Massachusetts	Does not tax military retirement pay.
New Hampshire	Does not tax military retirement pay.
New York	Does not tax military retirement pay.
Vermont	Taxes military retirement pay.

Massachusetts A disabled veteran may receive a property tax exemption on his/her primary residence of \$400 if 10% disabled, \$750 if he/she lost use of one hand, one foot, or one eye, \$1,250 if the veteran lost use of both hands, both feet, or a combination of the two, or if the veteran is blind in both eyes as a result of service. Veteran may receive a \$1,000 exemption if 100% disabled as a result of service.

New Hampshire A disabled veteran may receive a full property tax exemption on his/her primary residence if the veteran is 100% disabled, has lost two or more limbs, or is blind in both eyes as a result of service.

New York A disabled veteran may receive a property tax exemption on his/her primary residence. The exemption amount varies based on the type of service and disability as determined by the New York State Division of Veterans Affairs.

Vermont A disabled veteran in Vermont may receive a property tax exemption of at least \$10,000 on his/her primary residence if the veteran is 50% or more disabled as a result of service. Exemption varies by town/city.