

**Office of Veterans Affairs  
Testimony in Support of  
H.846**

# Vermont's Veteran Population

Almost 9% of Vermonter's are veterans. The national average is 6.6%\*:

- 43,191 total veterans
- 3,784 are women
- 60+% are over the age of 65
- By 2045 it is estimated that the State's veteran population will be less than half of what it is today.

*\*US Dept. of Veterans Affairs, State summary Sheet*

# Vermont's Labor Force

Vermont is struggling to attract and retain a skilled labor force. Here are some statistics from 2012 through 2016\*:

- The percent of Vermont's population over age 65 is nearly 20%.
- California, North Carolina, Colorado, Maine, Washington, Oregon, Texas, Georgia, Tennessee received Vermont migrants. This group represented 42% of tax filers leaving the state.
- Between 2012 – 2016 48,000 tax filers left Vermont and nearly 44,000 tax filers moved into Vermont - a net loss of about \$271,000,000 in taxable Adjusted Gross Income.

*\*Kiplingers State by State Guide to Taxes on Retirees*

# Vermont's Labor Force, Part Two

Attracting veterans and military retirees would help build a skilled labor force.

- Vermont requires a skilled labor force to move the state forward.
- Veterans and military retirees bring significant levels of skills, expertise, and a solid work ethic to jobs.
- Retirees and their spouses have Tricare health coverage.
- Additional veterans would spread the tax burden over a larger population.

# Military Retirement Pay in Vermont

Vermont currently taxes military retirement pay.

- Vermont is only one of a handful of states that still taxes military retirement pay.
- Maine, New Hampshire, Massachusetts, Connecticut, and New York do **not** tax military retirement pay.
- As a result, Vermont is at a serious disadvantage when competing with our adjoining states for veterans and military retirees.
- Many veterans and retirees are in their 30s, 40s, and 50s--the prime age groups to add to the Vermont economy and workforce.

# Military Retirement Contributions

Here are the annual contributions in 2018 of Vermont military retirement and VA compensations\*:

- \$6,680,000 in monthly pay were received by 3,593 military retirees.
- Military retirees' average annual income was \$22,773.
- \$82,188,000 in annual gross pay was received by military retirees.
- \$156,387,000 in annual cash benefits from the Department of Veterans Affairs were paid to military retirees.
- \$7,596,000 in Annual Survivors Benefits were paid to 713 spouses.
- In 2018, **\$89,784,000** federal dollars were brought into Vermont by 3,909 military retirees and dependent spouses.

*\*DoD Office of the Actuary*

# Estimated Tax Burden

- Administration budget included a phase-in over two years:
  - *\$1.4 million in FY21*
  - *\$2.8 million in FY22*
- As additional retirees and their families (along with their federal pay and benefits) are attracted to Vermont, they would pay property and second income taxes.
  - This would help offset and/or eliminate the initial tax burden
- All but a handful of states have exempted military retirement pay from state income taxes and discovered it to be financially viable.