

Rep W Page, Testimony for Military Pension Exemption, 03/11/20

For the record, I am Rep Woodman Page but I am also here as Woodman Page, Major, USAF, Retired and I'm not representing anyone but myself. My comments relate to myself but they also could relate to a number of other military retirees.

I retired from the AF in 2004, after more than 22 years of service at the age of 44

I worked for the DOD for another 6 years before moving back to my home in VT

When one retires, the military will pay for the shipment of an individual's household goods either back to their home of record where they originally left to enter the service or another location of equal distance from where they are currently stationed. Compare this to the VT New Worker Relocation Grant Program offering reimbursement grants of up to \$7,500 to new residents who move to VT and take a job with a VT business. Your military retiree, their move to VT is paid for by their service and through the military. The VT system is paid for by the VT tax payer.

The retirement system has changed since I retired but there are a number of benefits still available. The retiree is still relatively young and, in some cases, has children of high school age that might be preparing for college. A military member might also have a spouse. That spouse has generally followed the military member from assignment to assignment and in each location may have worked in their particular field of interest or specialty. Your military family will in most cases have traveled extensively, are educated, and have special skills which in a military member can sometimes transfer to the civilian world. A retiree comes also with a pension, health insurance and in most cases a desire to continue to work and serve their community.

What does a military retiree look for when they retire? In most cases the retiree is looking to be near a base where they might be able to take advantage of certain benefits. Those benefits might be access to the commissary, base exchange, base hospital, recreational facilities and ultimately civilian jobs which they might have served in. When one looks to Vermont to retire, the state does not have any of these benefits. The bases that once existed surrounding Vermont no longer exist where those benefits would have been available to the retiree. The closest base where some of these benefits are available to me would be Hanscom AFB which is just outside Boston. The VT Guard does have a very small base exchange but it is more like a shopette and not really worth one's time to travel there. The other item and probably the most important benefit that a retiree looks at is whether their pension will be taxed and by how much. Vermont does not exempt military pensions from taxation nor does it for the survivor benefit plan which is an insurance program that military members can set up for their spouses should they pass away.

Rep W Page, Testimony for Military Pension Exemption, 03/11/20

Vermont is one of only two states that does not offer any benefits to its retirees and the other state is California.

Some benefits offered by other states for retirees can range from total exemption of military pensions as well as the survivor benefit plan for deceased member spouses to certain states offering a partial exemption. (Show MOAA Web Site).

Last year, I looked into this issue and received information from Graham Campbell from the Legislative Joint Fiscal Office. As of February of 2019, there were 3,904 military retirees living in Vermont and the cost to exempt these military retirees would have been \$2.6 million dollars. During the 2019 legislative session, the legislature and Gov Scott worked together to pass Act 80 which allocated nearly 1.2 million to fund the new worker relocation grant program. The VT relocation program might cost less than what it would cost to exempt military retirements but in the long run the military pension exemption might actually go much further.

Our state has fewer residents, fewer workers, fewer children attending our schools. As you know, Vermont is the second oldest state in the union, why wouldn't we want to try and attract a more diverse population, that is generally younger, healthier, educated, and in most cases has children and more importantly has fiscal resources. I would ask that you consider supporting either this bill as a whole or partially and then Vermont will no longer be one of only two states that does not exempt military pay from state income tax but also might attract more individuals to our state. As the VT tax system exists today, VT will not attract future military retirees unless there are some changes in the exemption program.

<https://www.moaa.org/content/state-report-card/statereportcard/>