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From: Burke, Robert <Robert.Burke@vermont.gov>

Sent: Wednesday, March 9, 2022 2:11 PM

To: Faith Brown <FBrown@leg.state.vt.us>

Cc: Ann Cummings <ACUMMINGS@leg.state.vt.us>

Subject: STATE INCOME TAX EXEMPTION - MILITARY RETIREES AND SURVIVOR BENEFITS

Good Day;

Please share this with the Committee members as they continue to discuss S.53:

Part of Bill S.53, introduced last year, would exempt the first \$10,000 in military retirement pay from state income tax. In Vermont, there are 3,923 total military retirees and 751 survivors collecting benefits from the Department of Defense. Yesterday the Committee made significant changes to that bill:

- They added survivors benefits - a good thing
- They kept the \$10,000 benefit cap for military retirees - Gov. Scott proposed a total dollar exemption in his budget, not only the first \$10,000
- They are linking a Social Security exemption at age 65 where a retiree or survivor would have to choose one or the other in order to not "double dip"

Out of the 3,923 military retirees, that have not yet moved out of state, 1,815 are Reserve or Guard retirees who are not eligible for their pensions until age 60. This leaves almost 50% of retirees with a five year window for the exemption before they have to choose one or the other.

I urge the Committee to support a full state income tax exemption for military retirement pay and survivors benefits with no linkage to Social Security. The Governor has pushed this issue for many years and it needs to be done now to encourage current and future retirees to remain in Vermont and grow our economy.

R/

Robert E. Burke

Director

Office of Veterans Affairs

118 State Street

Montpelier, VT 05620-4401

802.828.3380

[robert.burke@vermont.gov](mailto:robert.burke@vermont.gov)

[www.veterans.vt.gov](http://www.veterans.vt.gov)