

Testimony from Captain James Mazzonna, (Retired) – United States Coast Guard.
Vermont Senate Finance Committee – 2/22/2022

Good Afternoon! My thanks to the Senate Finance Committee for allowing me some time with you today.

While S.53 starts off as a Feminine product bill, I am pleased to speak to the portion of the bill regarding military exemption of taxes on retiree pay – although... I would say as a small business owner who operates a general store on the Vermont – New Hampshire border – I am keenly aware of taxation on all possible levels in how they differ from Vermont to New Hampshire – from tobacco, to fuel, to meals, to sales, to income, to income, to property, to alcohol – so I offer my full support for this taxation relief.

Madam Chair – Again...thanks for the opportunity to allow me to testify to your committee today regarding Military Retiree Pay. My name is Jim Mazzonna - a military veteran of the U.S. Coast Guard to which I proudly served for 24.5 years and retired as a Captain in 2008. And I might add ...to thank Senators Brock & MacDonald for their service to our country. Also, thanks to my fellow service members for testifying today and for their dedicated service to our great country.

As I understand – there are about 3,900 military retirees in Vermont of which about 3,000 are retired enlisted, and a little less than 1,000 are officers. While this bill speaks to an exemption of the first 10,000 of income – and that is a wonderful recognition – I would hope that we can think more broadly to exempt all military retiree income at some point. I would also strongly urge the inclusion of surviving spouses be able to receive any such benefit that the retiree receive. The service & sacrifice of the spouse is clearly integral to service member during their career and to recognize this is inclusive of their part in this service to our country. I am told that only 1% of Americans serve their country in the military and I think regardless of your political views – we all support those who defend our country and protect our freedoms.

Easy for me to say – and I know there are costs to such a program. Understand the \$10,000 exemption can cost the State about \$1M annually. Also - very happy to see that this exemption would relieve all military retiree Vermont income tax for 26% of retirees.

I took the opportunity to listen in to your meeting on 2/16/22 in which you took up this topic. I want to address some issues regarding how you deliberate on this issue with regards to the importance of this bill in terms of future impacts. I know from your position you want to see how this rolls forward in terms of costs & benefits.

Some terms I heard you discussing in your 2/16/22 meeting that may be worth clarifying for the Committee.

-Veteran – anyone who has served in the Military that has been honorably discharged from service.

-Military Veteran Retiree – a service member who has successfully completed at least 20 years of active service and is then qualified to receive a military retirement pension.

-Disabled Veteran- this gets tricky but a disabled veteran can be anyone who has served in the military and has qualifying disabilities– regardless of their length of service - and receive a monthly disability payment from the Veterans Administration. Disabled Veterans typically receive tax exemptions on their disability pay from most States and receive other exemptions in areas like property tax. Vermont’s property tax relief for disabled Veterans runs by Town in terms of its benefit to the Veteran. So – just being a Veteran, or military retiree do not qualify for property tax relief in most towns as it needs to be related to a service connected disability.

First – I want to appeal to your collective patriotism in supporting our military retiree community who chose to retire to Vermont and continue to be productive members of their Vermont communities and State. This bill is a small step in recognizing this. Also – you are all well aware that Vermont remains one of maybe 3 states who have not made this recognition of our retired military community.

So – why did I chose to “retire” to Vermont – you ask.

One is that – although Vermont is not my home State of birth – it has been my home of record since entering the military in the early 1980’s. We have been taxpayers in the state and landowners as well. When deciding to “retire” from the military we made the choice to:

1. Return “home”.
2. Start a new career and contribute to the State’s workforce. That was in 2008.

As such – we have continued to contribute to Vermont as member of the active workforce, taxpayer, and contributor to the coffers of the state through all the various taxes. Happy to do that and call Vermont home.

I would say that one of the things that would have shifted our thinking dramatically in terms whether we chose Vermont or say New Hampshire is that I was not fully retiring to Vermont and knew that I would start a second career. That is worth repeating – most retirees are not fully retiring so they will become productive members of whatever State they retire to. When a service member is going through the retirement process – they are required to attend a class called TAPS. – Transition Assistance Planning. Of the many topics covered is the taxation and affordability of the States to retire in. I would be proud if Vermont could heighten its attractiveness to military retirees. Many of my classmates who retired from service took the State’s overall “affordability” as one the strongest decision points when choosing a State.

It is worth again noting that most military retirees are somewhere between 38-say 45 years of age – so there is much more productive work in their lives that contribute highly to wherever they decide to retire.

In addition to “retiring” to Vermont and starting a second career- my family and I chose to revive a 100-year-old country store that had been shuttered for 5 years. This store sits on the banks of the Connecticut River in the most rural part of the State in the Northeast Kingdom so

the impacts of running a business, workforce challenges like never seen before, taxation of food, fuel, alcohol, tobacco, and the ability to generate business to support operations in a rural area that relies of vacationers, camp-owners, and transient folks to augment the support of the small local base of full-time residents. We did this as we believe that small businesses are in fact the heart & soul of Vermont. We believe that our local towns should have and be represented by small businesses as the hubs of their community. We know from 5 years of experience that tourists come to our State to experience our communities through the services and uniqueness of our small businesses.

Vermont – as we all know has had a workforce issue for many, many years and I think we should lean forward and be able to equally attract our military retirees to become a productive part of the workforce.

Concurrently – we have seen the impacts of COVID-19 in terms of how the workforce is shifting in terms of mobility and choice of workplace. This will help attract workers to Vermont and we hope that the legislation to improve Broadband & Wireless in our State provides the necessary connectivity Vermonters need. You have heard this from other testimony and are in fact the beneficiary of the mobility needs by being able to meet remotely. I also thank you for allowing remote testimony - as it is a 2.5-hour drive to Montpelier, the parking stinks, and the committee rooms very cozy!

So – my thinking and urging is that we need to look at all these issues together that will help shape where Vermont is going – not where it has been.

In summary:

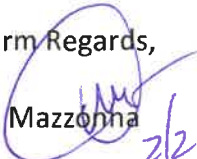
- **there are many benefits to exempting the *entire* military pension from taxation. Currently at \$10,000 exemption.**
- **we should ensure that any bill include/extend the benefit to surviving spouses for equity and recognition of the service of families to their country.**
- **military retirees provide a valuable add to the Vermont's workforce for 20 plus years of additional career options in service of Vermont communities & businesses.**
- **Vermont is a pivotal moment in balancing many tax issues and how they impact choices of business, and personal choices in choosing Vermont as home versus other States.**

Thank-you for your service to our great State as citizen legislators that are helping guide us through these difficult times.

Thank-you for your support of the retired military members and their families and I am happy to provide follow-up information or answer any questions that we have time for today.

Warm Regards,

Jim Mazzonna


2/2/22

