

Gary M. De Gasta  
Testimony before the  
House Ways and Means  
January 31, 2025: 9:30 am

Good morning. I thank the Committee for permitting me to provide testimony today.

For the record, my name is Gary De Gasta. I am a retired US Army Medical Department Colonel. I am also a retired US Department of Veterans Affairs Senior Healthcare Executive and for two decades (1987-2008) I served as the Executive Director of the White River Junction VA Medical Center (WRJ VAMC).

While I will be speaking today in my role as Chairperson, Governor's Veterans Advisory Council (GVAC), full disclosure, I am also the President of the Board of Trustees, Vermont Veterans Home (VVH), Bennington, Vermont.

Proposals to exempt Military Retiree Pay (pensions) from Vermont state income tax are not new and date to the Kunin administration. While various proposals to exempt military retiree pay from Vermont State Income Taxes have been presented to state legislators and to the governors of both parties for over three decades, the risk-aversion rationale for non-support from both the legislature and incumbent governors has basically remained unchanged. First, the projected loss of tax revenue. I submit that eliminating the tax on their retirement benefits will be an important first step to attract to Vermont, and retain within Vermont, veterans and their families -- citizens who will strengthen our state's economy and workforce and, over time, will actually increase state tax revenue! Second, the worry that "other groups" will expect the same consideration (teachers, police, firemen and other first responders). There are significant differences between the commitment and sacrifices expected of civilian first responders and members of the armed services and conflating tax relief for the military with First Responders is not appropriate. A discussion of the subject is provided in a **GVAC White Paper** entitled "**Members of the Military Services differ from**

**Civilian First Responders”** which I will also include today with my written testimony.

Vermont must address its demographic crisis of fewer and fewer working-age residents and a growing number of senior citizens. There are simply not enough workers to keep our economy going or growing. Prior service members, including military retirees, bring a depth of experience to Vermont. If Vermont can grow the population of military members and retirees, the Vermont National Guard may also grow its ranks as well, a win win! Uniformed service members have a strong work ethic and skills that can cross walk into employment opportunities in Vermont. Furthermore, this group typically fall into the exact age band our state is working to attract to live and raise their families here!

Historic data from 2004 to 2019 shows only incremental growth in Vermont’s military retiree population -- from 3402 to 3904. The unimpressive increase may, in part, be due to media reports such Kiplinger.com, which identifies Vermont in the bottom 10 for “worst states to retire in due to taxes” and wallethub.com, which ranks Vermont states and Washington, DC for “best places for military retirees”.

In a February 2021 brief The Vermont Joint Fiscal Office noted that the total annual payment by the Department of Defense to less than four thousand Vermont military retirees was \$81,969,000. While somewhat dated, still an impressive number! For the Committee’s perusal I will submit with my testimony two related GVAC documents: **“Frequently Overlooked Facts About Military Retirees” (dated August 2022)** and **“Etiology of Military Retirement Pay Systems”**. The latter document explains important major differences between the Active Duty (AD) and the Guard/Reserve military retiree pay systems.

In its deliberations I urge the Committee to not forget about dependents of military retirees, military survivors -- those who receive compensation under the Survivor Benefit Plan (Members of the military can elect to participate in SBP, allowing a retiree to ensure, after death, a continuous lifetime annuity for their dependents. The maximum SBP annuity is based on 55% of the retired member’s pay). Vermont and California are the only two states that fully taxes

these benefits. Military survivors too should be exempted from Vermont State Income Taxes!

Vermont can, and should, make itself more attractive, specifically in the prior service military market. Not taxing military pensions is an important tool in making Vermont a destination for prior-service active-duty military members as well as military retirees.

I will end my Testimony by quoting from a dated, albeit still relevant, **2018 GVAC WHITE PAPER, “Legislation to exempt military retirement pay from Vermont State Income Tax”** (which I will include with my testimony): “Eliminating state income tax for military retirees is not a silver bullet and will not resolve all issues. However, ... stemming the exodus of military retirees from the state, as well as attracting new retirees, offer the potential to increase the inflow of first-class retirees and a not insignificant number of federal dollars to the Vermont economy....The passage of legislation to exempt military retirement pay from State Income Tax... would send an important message to veterans looking to stay in or return to the state, or those considering moving here from other states -- **Vermont really does care about and supports veterans and their families and the Green Mountain State welcomes them!**”

Thank you for the opportunity to speak with you today and I welcome your comments or questions.