



VOTE YES ON HB23-1084

Continuation Of Military Retirement Benefit Deduction

Sponsors: Rep. M. Bradfield; Rep D. Ortiz

HB23-1084 provides an additional 10-years to a state income tax exclusion of \$15,000 in military retirement pay for military retirees under age 55.

Background: The above income tax exemption was established in 2018 (HB18-1060) and is scheduled to sunset January 1, 2024. Military retirement pay is a federal defined benefit plan (pension) vested to active duty members after 20+ years of service.

Economic Growth: *Colorado's economy, tax base, and local governments benefit when newly retired military and their families choose Colorado as their home.*

- Average age of military personnel retiring from active duty is 42.7 years. When they retire, younger retirees start second careers and make a conscious choice of what state to call home.
- There is an estimated return on investment (ROI) exceeding 500% for each new, younger military retiree choosing Colorado as home.

Workforce Development: *Colorado employers need and value retired military skills.*

- Military retirees have the skills Colorado employers need and want. Military retirees are highly educated, technically and globally savvy, and seek to turn their military expertise into civilian careers.
- Military technical/professional expertise covers a wide spectrum of high value professions, including but not limited to: IT; data analysis; finance/accounting; supply chain management/logistics; medical/dental; energy technology; social work; legal services; vehicle/aircraft maintenance; law enforcement; HR; construction; education/training; public administration; strategic planning.
- Retired military soft skills valued by employers: leadership; communication; management; team building; planning; flexibility; integrity; problem solving; time management.

Colorado vs. Other States: *Majority of states exempt 100% military retirement pay from state taxes.*

- Without this exemption, Colorado is losing military retirees and taxes to other states that either do not have state income tax or exempt 100% of military retirement pay from state income tax.
- 9 states do not tax personal income; 28 states tax personal income but exempt 100% of military retirement pay; 12 States have partial tax exemptions for military retirement pay.
- One state + D.C. tax 100% of military retirement pay. HB18-1060 sunset adds Colorado to this list.

Honoring Military Service: *Retired pay exemption is tangible evidence of Colorado's goal to honor military service and sacrifice.*

- 100% of military retirees younger than 55 are Post 9-11 veterans serving during the Afghanistan/Iraq conflicts with deployments, family separations, disruptions to spouse careers & children's education.
- Non-military pension "pay" received by civilians and military older than 55 is partially exempt from Colorado income tax under the Pension & Annuity Deduction Act; HB23-1084 creates equity.