

November 19, 2011

Dear Ms. Stokes

Please ensure the members of your committee are familiar with the most favorable results of the study authorized by the legislature.

As 16 other states gain the economic & job growth benefits of providing a full income tax exemption on retired pay, it make one wonder why New Mexico is missing a great opportunity to bring more revenue and technical talent to the state.

Thank you for you assistance in this matter.

Sincerely,

Bob Fcinus
Cedar Crest, NM
505-934-5060 Cell
866-855-8463 Fax

November 18, 2011

Hi Pam:

Could you please pass the enclosed information to members of the Military & Veteran's Affairs Committee. I, and others supporting the PIT exemption initiative, plan to attend the Nov 23 Committee meeting in Santa Fe. While I know that no oral presentations are planned from the floor I will be available to answer any questions and to address the Committee on this initiative if requested.

Thank You.

Dave Coulie
Albuquerque, NM
505-293-0996

Mr Chairmen & Members of Military & Veterans' Affairs Committee:

I do volunteer legislative liaison for the Military Officers Assn of America (MOAA) and help keep our several thousand members in NM abreast of legislative items if interest. I am also Chair of the Air Force Security Forces Assn Chapter in NM and I participate in an extensive veteran network throughout the state.

I was thrilled when the Military and Veteran's Affairs Committee was established and it's great to see that it has continued. You serve a vital need in our State and act as a conduit to the Legislature for veterans issues and needs. Thank you for your public service and for serving on this committee.

For several years I have worked with a small team that has been proposing and endorsing legislation to provide a NM PIT exemption for military retirees. We have amassed a wealth of data that shows such an exemption could draw many more military retirees to the State and help keep others here who now leave because of the PIT. It's a genuine Win/Win for the State and the military retirees and could help ease the looming budget problems in the out years. We are working with Secretary Hale and his staff and do have the support of the Governor..Your support of this initiative would be most helpful. I have rolled up all the current data and would be happy to send it to you if you were interested. Many people are surprised by the significant financial impact of the 21,000 military retirees in our state and the projections of how much more revenue could be realized by providing PIT incentives.

I have enclosed a summary providing additional information and data.

Again, many thanks to all members for your service on this committee and all you are doing for veterans.

Dave Coulie

NM MISSING A SIGNIFICANT REVENUE ENHANCEMENT OPPORTUNITY:

Every year approximately 60,000 highly skilled men and women retire from the armed forces. They are in their early 40's, most are married with grown children, and have served their country an average of 22 years. They are seeking a second career and a place to settle down, buy a home, plant roots, and start a new phase of their life. They possess significant management and technical skills. Many are proficient in the medical, educational, engineering, information technology, security and scientific career fields. Many are entrepreneurial inclined. They want to start their own small businesses and pursue opportunities that were not possible while in uniform. Their average retirement pension is \$35,500 per year. Many have built personal savings that are carried over to civilian life. Their military career has earned them health care coverage programs for themselves and their families. With the aforementioned combination of retirement pay, savings, and health care coverage they will not be a burden on any state welfare or medicaid programs where ever they decide to settle.

Fact is that these retirees provide major economic boosts to the states in which they choose to live. Multiply the 60,000 retirees by their \$35.5k annual retirement pension and the total is more than to \$2.1 "Billion" dollars every year that is potentially available to be spent in the states where they live.

Where are these military retirees choosing to settle? Surveys show that there are several determinants to that decision. Many prefer an area where they have previously served and lived and is close to a military base. They also prefer an area with a good climate and a favorable quality of life. Several of the sun-belt states, including New Mexico, score high on these criteria. Ability to find a decent job or a state that encourages small business development are also key considerations. Close to the top of the list of all considerations is the key issue of retirement pay taxation

There are currently 16 states that specifically exempt 100% of military retirement pensions from state income tax and four other states have pending legislation to do likewise. Nine states, have no income taxes. Seventeen other states provide partial exemptions of varying degree. Near the bottom of the list, as usual, we find New Mexico .NM offers a tax exemption to military retirees that is close to meaningless to the new retiree since it pertains to those over age 65 and, even then, the exemption is \$16,000, if filed jointly, but it is phased out incrementally and there is no exemption if joint income exceeds \$51k. A new military retiree, looking at the NM incentive would find it not at all applicable or attractive.

Why are so many states providing the noted tax incentives to military retirees? Are the tax incentives offered to honor and thank the military retirees for service rendered? It is nice to opine that it is a factor. However, from a more pragmatic and financial viewpoint the real driver is recognition that these retirees provide an economic windfall to the state. The states providing these exemptions either knew and have learned that they made a solid investments for the future . For the sake of some dollars sacrificed in the loss of personal income tax much more revenue is coming in to the state by the increased numbers of new retirees that, but for the tax exemption, would not be in the state. It is an investment by these states that will yield a proven return on investment (ROI). The empirical data is readily available to support this assertion. Additionally, the "multiplier" effect comes in to play with every federal tax dollar flowing to a state. For example economists estimate that every million dollars of new federal funds coming in to the state create 10-12 new jobs. Bring in 30 new military retirees to a state and that's 12 new jobs created in addition to the numerous other impacts of the federal funds multiplier.

Currently 62% of military retirees live in 13 states. Eight of these states offer 100% income tax exemptions, four others offer significant exemptions and only one, California, has full taxation on military pensions. In the past nine years California has had a net reduction of 25,000 military retirees. In the past nine years NM has averaged only 115 new military retirees a year out of the approximate 60,000 retiring each year. We are no where near getting our possible piece of the "pie". Our neighboring states, AZ, TX, UT & CO which all offer full, or significant, tax exemptions to these retirees, have drawn thousands more than NM.

Why has the New Mexico legislature not seized this obvious economic stimulus opportunity? So many other states, like Texas, have recognized the revenue gains of drawing military retirees that they continue to dangle new incentives to attract even more. The Texas Land Board in 2010 approved a low interest loan program for veterans buying property in the state. It is not coincidental that Texas is one of the top three destination choices for military retirees..

Look no further than the proven financial value of the state of New Mexico's current 20,188 DOD paid military retirees and the related 2,707 surviving spouses of military retirees drawing survivors and/or VA benefits: In fiscal year 2009 New Mexico's economy was enhanced by \$1,642,940, 000 of federal transfer and other dollars flowing to these personnel. Moneys in-flowed and earned included pensions, VA disability payments, Social Security benefits, survivor benefits, health care payments and second career incomes and investment plan payments. Add a very conservative 2.0 economic multiplier to this sum and the \$1.6B expands to well over \$3 Billion. If 1.5 % of the state's population represented by the current 20,188 military retirees and the 2,707 survivors can make such a significant contribution to the state's economy, why is the State not aggressively pursuing incentives to draw more military retirees?

Further, this potential revenue source to the state has been greatly "sweetened" by the new "GI Bill" that is already bringing increasing revenues to colleges and universities statewide. The "Post 9/11 Veterans Educational Assistance Act" (New GI Bill) which became law on August 1, 2009 offers qualified veterans up to 36 months of almost fully paid tuition, fees, housing allowances and book stipends. The value of this program is estimated at 50-60 thousand dollars for fully qualifying veterans and it extends for a period of 15 years after a veteran leaves the service, and it can be used by a dependent if not used by the veteran during that period. Given this new GI Bill, and the commendable foresight of the NM Legislature and Dept Of Veteran Services by allowing all eligible veterans regardless of state of residency to qualify for in-state tuition rates at state universities, there is a strong attraction for veterans nationwide to come to New Mexico schools. Many retiring military men and women now considering coming to a state to get a undergraduate or graduate degree will be looking at NM. They will appreciate the benefit of in-state tuition rates but they will balk at the taxation of their retirement pay.

The Martinez administration will surely be seeking new stimulus opportunities for the state. Putting New Mexico on a level playing field with competing states vis-a-vis tax exemption for military retiree pensions could prove a boon to the state. Thousands of military personnel have served at New Mexico's military installations over the years and hundreds more retire from these installations every year. New Mexico offers proximity to military bases , VA hospitals and many other things attractive to the military retiree. Many would like to remain in the state when they leave military service. It is time to pass legislation to change the tax code and ensure we keep them here and to draw many more from across the country.

In 2008 the NM Legislature passed Senate Joint Memorial 27 asking for a comprehensive study to be made by the Arrowhead Center at NM State University to determine "The Economic Impact Of Exempting Retired Military Service Payments From New Mexico Personal Income Tax".The finding of that Study Task Force reported that the exemption of military retirement pay from personal income tax would in fact be good policy for the state.

In her inaugural speech on Jan 1, 2011 Governor Susana Martinez said:

"We cannot just endure misfortune and wait for our luck to change. We don't wait on destiny here. We make our destiny. In New Mexico, we will shape our own destiny, and we won't stand still." We can help "change our luck" by passing legislation to implement this proven economic stimulus for New Mexico.

November 19, 2011

I know this has been kicked around for awhile . . . that's the point! We as Military Service Retirees of New Mexico would like to be exempted from this! It will bring much more revenue into the State and not to mention 16 other states already have this exemption in place for their retirees! This is a very good idea!

Thank you for your support.

Robert Archuletta
TSGT, USAF (Ret)
Security Forces

NM PIT (PERSONAL INCOME TAX) EXEMPTION

The New Mexico Legislature's Military and Veterans Affairs Committee will be holding a very important meeting at the State Capitol building in Santa Fe in Room 322 commencing at 0900 Hours on Wednesday, November 23.

One of the main purposes of this meeting is to determine what legislation the committee will endorse for the upcoming 30 Day session of the Legislature. The committee normally selects about 10 pieces of legislation related to military and veteran issues. We have reason to believe that the Committee will be considering endorsement of our longstanding initiative to provide a personal income tax exemption to military retirement pay and pay going to widows of retirees. We also hope that the Governor is considering this initiative in the package of proposals she will present to the Legislature related to attracting new business and enhancing the existing business environment in the State.

If you feel strongly about the tax exemption and want to help make it happen you are encouraged to attend the noted November 23 meeting. We have learned that committee members do note the number of supporters for a given issue at a hearing and often the committee will permit attendees to provide "comments "from the floor" . This meeting may be different since the meeting notice states that they will take only written comments and not oral comments I plan to attend this meeting with members of my ABQMOAA PIT sub-committee and, if allowed, we will certainly speak in support of this issue. We have been stressing for years to the Legislature that this initiative is a proven revenue enhancer with a proven ROI (Return On Investment).

If you can't make it to Santa Fe for the 23 November meeting you might want to telephone or e-mail committee members and solicit their support. You can do that by going to the NM Legislature web site at: www.nmlegis.gov and click to "Committees"/ and then "Interim Committees" on the left sidebar and select "Military and Veterans Affairs Committee". Once there you can view the meeting agenda for the 23 Nov meeting and you can also click to "Members" and see a list of all members of the committee. You can click on individual names to find their contact information. Better yet, send your e-mail directly to Pam Stokes, the Committee secretary at pam.stokes@nmlegis.gov. Ask Pam to share your message with all members of the committee. That's a lot easier than sending individual messages. We'll continue to keep you posted on the progress of the PIT Exemption initiative

November 19, 2011

NM Vets Tax Exemption

I will be out of town when you have your Meeting, pls add my voice to the supporters of this Initiative.

Mike Creedon
12037 Caribou NE
Abq NM 87111

November 19, 2011

Pam, our legislators need to realize that 16 other states provide a full income tax exemption on military retired pay. I wonder why? Maybe they don't want to miss the opportunity to bring more revenue and technical talent to their states. Sounds like a no brain er!!! Sincerely, Fred Miller

November 20, 2011

Pam,

Please support the passage of this legislation. It comes up every year and never passes. The state of NM needs to recognize its veterans who have chosen to settle in NM---they have choices and can settle elsewhere. Many states including the Colorado have already passed this exemption. Wyoming has no state income taxes at all. The vets support the economy of NM by paying taxes and infusing the economy thru their purchases. While this is a small break, it would be meaningful to many vets on a limited fixed income. Please support the passage of the subject legislation.

Sincerely, John D Wharton
Albuquerque, NM

November 22, 2011

I understand that one of the areas of potential consideration for legislation will be the possibility of a tax exemption for military retirees and widows of same.

I highly endorse this idea and wish to express my hopes that this legislation is not only considered, but passed.

I have considered NM my home since first being assigned to Holloman AFB in 1984 and retired here in Alamogordo in 1999, with all but two years at Holloman. Please express my concern that this bill be considered and passed quickly.

thank you

Jeff Coon, MSgt, USAF (ret)
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Alamogordo NM 88310