

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/11/2015**

Amendment to: SB 2042

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(4,300,000)			
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed SB 2042 creates a new income tax deduction for individuals who receive military retirement pay for service in the U.S. armed forces, National Guard, or their reserve components.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill will exclude from income tax 100% of an individual's military retirement pay for service in the U.S. armed forces, National Guard, or their reserve components.

If enacted, engrossed SB 2042 is expected to reduce state general fund revenues by an estimated \$4.3 million for the 2015-17 biennium. Of this amount, approximately \$200,000 is attributable to payments to survivors, as clarified in the engrossed bill.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 328-3402

**Date Prepared:** 02/12/2015

**FISCAL NOTE**  
**Requested by Legislative Council**  
**12/19/2014**

Bill/Resolution No.: SB 2042

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(4,300,000)			
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2042 creates a new income tax deduction for individuals who receive military retirement pay for service in the U.S. armed forces, National Guard, or their reserve components.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill will exclude from income tax 100% of an individual's military retirement pay for service in the U.S. armed forces, National Guard, or their reserve components. It is not clear if the language "retired military personnel pay" in the bill includes payments made to a retired servicemember's survivor. It is assumed for purposes of this fiscal note that the exclusion is intended to apply to continued payments to a designated survivor.

If enacted, SB 2042 is expected to reduce state general fund revenues by an estimated \$4.3 million for the 2015-17 biennium. Of this amount, approximately \$200,000 is attributable to payments to survivors.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 328-3402

**Date Prepared:** 01/09/2015

**2015 SENATE FINANCE AND TAXATION**

**SB 2042**

# 2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

SB2042  
1/12/2015  
Job Number 21819

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to an income tax deduction for retired military personnel pay; and to provide an effective date.

## Minutes:

Attachment #1, #2

**Chairman Cook** opened the hearing on SB2042.

**Ron Sorvaag**, State Senator, District 45. SB2042 originated out of our Government Services Interim Committee. **(Attachment #1)** It's a very short bill. If we would pass it, there would be no income tax on any veteran or retired military pay. We're making sure that we make those distinctions now, since there is a difference between veteran and military pay. We want to cover all of it. This bill was brought forward in the 2013 legislative session and it did not pass but ended up a study in front of us.

**Senator Oehlke** -- Would that have any impact at all on that individual's property taxes?

**Ron Sorvaag** -- This would have absolutely no bearing, one way or the other. It doesn't change his income. This is income tax liability.

**Chairman Cook** -- I asked Intern Cole to look up the farm residence exemption to see what the language is as far as allowable income, whether it's relative to taxable income or if its gross income.

**Senator Bekkedahl** -- Are military disability payments, are they already federal and state income tax exempt?

**Senator Sorvaag** -- I think they are. I think most disability payments are but I'm not a tax expert on that. I would guess this would have no bearing. This is the normal retirement pay, of a retired military.

**Chairman Cook** -- I set on GVA and we get a lot of bills for ways to help veterans that cost money, I wonder if we're not better off spending \$4 million on those types of programs.

**Ron Sorvaag** -- It's a very legitimate question. If you look at the report from the Government Services from the interim, we listed all we do. We do a lot. It's not relevant to this, but Commissioner Wangen has put together a spreadsheet, of 48 states, of every benefit that they offer to veterans and it does a comparison so it would be a good guide to look at.

**Chairman Cook** -- I struggle in GVA with what's a state responsibility and what's a federal government responsibility.

**Ron Sorvaag** -- That's what we found in our study. There are a lot of benefits, but this was one that was brought forward and we thought it was worth further discussion.

**Senator Triplett** -- My concern is with the language where it says: 2b it says it is not clear if the language "retired military personnel pay" in the bill includes payment made to a retired service member survivor. It is assumed for purposes of this fiscal note that the exclusion is intended to apply to continued payments to a designated survivor. Given whoever wrote the fiscal note isn't clear about it, we should look to you for an amendment to make that clear. Was your committee intending it to include survivor pay or not?

**Ron Sorvaag** -- It never was discussed.

**Alex Cronquist, Fiscal Analyst, Legislative Council** -- Testifying neither for nor against the bill. Senator Sorvaag covered everything. I'm available for questions.

**Chairman Cook** -- Fiscal note?

**Alex Cronquist** -- The fiscal notes are done by the affected agency. So that would be the Insurance Department. As far as the committee's intention if it was to apply to survivors. I don't recall that coming up either.

**Senator Dotzenrod** -- This \$4.3 million, is this mostly from Guard?

**Alex Cronquist** -- As far as the specific branch, that was never discussed. This doesn't apply to active members. It's only the retired.

**Keith Magnusson, representing the National Guard Association of North Dakota. (Attachment #2)** We are supporting SB2042 and ask for your favorable consideration. This bill is really a tax deduction for retired military personnel pay. So that's for careers. As Colonel Bekkedahl will tell you a lot of times your retirement years are based on points. And, depending on when your retirement year ends, what you're doing, you don't always get a good retirement deal. Mr. Magnusson closed his testimony with a quote from the Governor's State of the State: "whether responding to natural disasters here at home or defending our nation on overseas and state-side missions, the member of the North Dakota National Guard continue to demonstrate their expertise and competency as a trained and ready force. Since the September, 2011 attacks on America, our Guard has mobilized nearly 7000 soldiers and airman in support of the global war on terrorism. An impressive contribution to our nation's military might. Even more impressive, about 70% of all

members serving today have joined since 911. For every 10,000 citizens in North Dakota, 65 serve in the North Dakota Guard. They rate more than four times the national average ". So, I submit, you can look at the fiscal note: \$4.3 million. I think it's a good investment. You may want to clarify the survivors pay.

**Gary Maddock, President, North Dakota Veterans Coordinating Council** -- We all support the bill. I do not have written testimony.

There was no further testimony.

**Chairman Cook** closed the hearing on SB2042.

# 2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

SB2042  
1/13/2015  
Job Number 21917

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Alice Grove*

## Explanation or reason for introduction of bill/resolution:

Committee meeting to discuss SB 2042.

## Minutes:

"Click to enter attachment information."

**Chairman Cook** asked if someone had a desire to include spouses in this. Did someone mention that during the discussion?

**Senator Triplett** replied that she brought it up because the fiscal note has it included but the fiscal note also suggests that it is not clear from the language whether it should be in or out and my only point is we should make the law and put an amendment in so it is clear one way or the other. I don't have strong feelings I just don't like passing legislation that people don't understand.

**Senator Unruh**, I agree with Senator Triplett. We need to make it clear whether they are or not included and I don't have a strong feeling one way or the other. One thing I did want to request for this bill. There was talk of a spread sheet that showed the benefits that we provide veterans here in North Dakota. I think that would be beneficial to me for that information to be able to make this decision. I can't remember where that came from or who mentioned it.

**Senator Triplett** replied I did talk to Ms. French, Davina French, or what her rank is? I think it is Lieutenant Colonel French after the hearing and I told her what I thought I heard someone say is that in an interim report somewhere but that the person who had prepared it had since been updated it and she said she would track that down and get back to Senator Triplett.

**Chairman Cook** Again this is a bill we don't have to kick out right now. I just want to get a little discussion. I would like to see that information too. I like tax policy that is low and everybody pays it. I am not a big fan of carving out special groups, so this bill starts out with a red flag in my mind to start with. I do agree that we need to make it as fiscal note and bill the same so Senator Triplett do you or anybody want to speak to those amendments? Does it meet what you think it has to do? It sure looks pretty simple to me. You've got the amendments in the bill and we'll deal with them at another time. We'll get that spreadsheet and then let us just have a brief discussion of the two bills that we heard this morning.

Senate Finance and Taxation Committee  
SB 2042  
January 13, 2015  
Page 2

We want further information. No voting today.

# 2015 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

SB2042  
2/10/2015  
Job #23566

- Subcommittee  
 Conference Committee

Committee Clerk Signature	<i>Alice Grove</i>
---------------------------	--------------------

## Explanation or reason for introduction of bill/resolution:

Committee work

## Minutes:

--

Chairman Cook opened the committee work on SB2042.  
Senator Bekkedahl is testifying on another bill so we will recess until later this afternoon.

# 2015 SENATE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee**  
Lewis and Clark Room, State Capitol

SB2042  
2/10/2015  
Job # 23596

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Alice Grove*

## Explanation or reason for introduction of bill/resolution:

Committee work.

## Minutes:

Attachment #1

**Chairman Cook** reopened the committee work on SB2042.

**Senator Laffen** -- Just like I said earlier about zeroing out the bottom rate of income tax and voting no on no income tax on social security, my belief is that everybody should pay tax and it should be as low as possible for everyone. With that, I would move a do not pass on SB2042.

**Seconded by Senator Unruh.**

**Senator Dotzenrod** -- There is a category of certain kinds of military pay that we don't tax right now. Is that when they are activated? Is that how it works in our state tax system? If you're a guardsman and you are called to active duty, then that pay is not taxed? Is that the only case that we have where we have some form of military pay that is not taxed?

**Chairman Cook** -- Dee, can you answer that? Do we tax active duty veterans at Minot, Grand Forks?

**Dee Wald** -- Active duty North Dakota residents we can tax. Non-residents we do not.

**Chairman Cook** -- We do not? Not non-residents.

**Senator Dotzenrod** -- If a North Dakota resident is serving time in the military. Not as a guardsman but they retain North Dakota residency and they earn military pay several years in a row and they are not living in North Dakota, as long as they retain North Dakota residency can I assume then that they are paying their taxes and filing their income tax in North Dakota?

**Chairman Cook** -- Yes. Are you retired Guard, Senator Dotzenrod? Would you benefit from this?

**Senator Dotzenrod** -- Yes, and yes. Maybe I should not vote on this. Recuse myself?

**Chairman Cook** -- You can try but you won't get the opportunity.

**Senator Triplett** -- I know this is a motion for a do not pass but there is a question in the fiscal note. Going to the fiscal note it says under section 2b, it is not clear if the language "retired military personnel pay" in the bill includes payments made to a retired service member survivor. It is assumed for purposes of this fiscal note that the inclusion is intended to apply to continued payments to a designated survivor. I also have an unofficial amendment here that I don't recall who presented (Cole drafted the amendment) (**Attachment #1**) that specifically includes retired military personnel benefits paid to the surviving spouse of a deceased retired member. Maybe, for clarity, since we did add them in to a different bill surviving spouses, maybe we should see if the mover might consider withdrawing his motion so that we could put that amendment on first.

We have before us SB2042. Somebody want to move the amendments?

**Senator Triplett** -- I would move the amendments, as adopted by our intern.

**Seconded by Senator Oehlke.**

Amendments make it clear that it includes surviving spouse. All in favor say "aye".

**Passed with unanimous voice vote.**

We have before us SB2042, as amended.

**Senator Laffen** -- I would move a do not pass on SB2042, as amended.

**Senator Unruh seconded.**

**Roll call vote 5-2-0.**

**Carrier: Senator Laffen**

15.0166.01001  
Title.02000

Adopted by the Finance and Taxation  
Committee

February 10, 2015

W  
2/10/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2042

Page 1, line 8, replace "pay as a" with "benefits, including retired military personnel benefits paid to the surviving spouse of a deceased"

Renumber accordingly

Date: 2-10-15

Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2042

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.0166.01001

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Sen. Triplett Seconded By Sen. Oehlke

*voice vote unanimous*

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook			Senator Jim Dotzenrod		
Vice Chairman Lonnie Laffen			Senator Connie Triplett		
Senator Brad Bekkedahl					
Senator Dave Oehlke					
Senator Jessica Unruh					

*Motion passes*

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 2.10.15

Roll Call Vote #: 2

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO 2042

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 15.0166.01001 Title .02000

- Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar
- Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Sen. Laffen Seconded By Sen. Unruh

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	✓		Senator Jim Dotzenrod		✓
Vice Chairman Lonnie Laffen	✓		Senator Connie Triplett		✓
Senator Brad Bekkedahl	✓				
Senator Dave Oehlke	✓				
Senator Jessica Unruh	✓				

Total (Yes) 5 No 2

Absent 0

Floor Assignment Sen. Laffen

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2042: Finance and Taxation Committee (Sen. Cook, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO NOT PASS (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2042 was placed on the Sixth order on the calendar.**

Page 1, line 8, replace "pay as a" with "benefits, including retired military personnel benefits paid to the surviving spouse of a deceased"

Renumber accordingly

**2015 SENATE APPROPRIATIONS**

**SB 2042**

# 2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee  
Harvest Room, State Capitol

SB 2042  
2/19/2015  
Job # 24108

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subdivision to NDCC, relating to an income tax deduction of retired military personnel pay; and to provide an effective date.

## Minutes:

Testimony # 1

**Chairman Holmberg** called the committee to order on Thursday, February 19, 2015 at 8:30 am in regards to SB 2042. All committee members were present except Senator Mathern. Chris Kadrmas, Legislative Council, Becky Keller, OMB were also present.

**Keith C. Magnusson, National Guard Association of ND** testified in favor of SB 2042 and provided written Testimony Attached # 1 in support of this bill.(5.13)

**V. Chairman Krebsbach moved a do pass on 2042. 2<sup>nd</sup> by Senator Carlisle.**

## Discussion:

**Senator Gary Lee:** made comments that he is grateful to be a Viet Nam veteran from Fargo, and usually supports bills for the veterans but has concerns that this bill is discrimination against those veterans who have not served the full twenty years to be eligible for what this bill provides, because he feels that even those veterans who have served lesser time can also be proud of their service, and yet they don't qualify for this deduction. I am going to vote against this bill because I think it is discriminatory.

A Roll Call vote was taken. Yea: 8; Nay :4; Absent: 1. Senator Sorvaag will carry the bill. The hearing was closed on SB 2042.

Date: 2-19-15  
 Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE**  
**ROLL CALL VOTES**  
 BILL/RESOLUTION NO. 2042

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

- Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Krebsbach Seconded By Carlisle

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓	✓	Senator Heckaman	✓	
Senator Bowman	✓	✓	Senator Mathern		
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓	✓			
Senator Kilzer	✓				
Senator Erbele	✓	✓			
Senator Wanzek	✓				

Total (Yes) 8 No 4

Absent 1

Floor Assignment Finance Sorvaag

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2042, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)**  
recommends **DO PASS** (8 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING).  
Engrossed SB 2042 was placed on the Eleventh order on the calendar.

**2015 HOUSE FINANCE AND TAXATION**

**SB 2042**

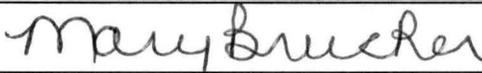
# 2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Fort Totten Room, State Capitol

SB 2042  
3/10/2015  
24578

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

A bill relating to an income tax deduction for retired military personnel pay.

## Minutes:

Attachment #1, 2

**Chairman Headland:** Opened hearing.

**Senator Sorvaag:** Introduced bill. Distributed testimony. See attachment #1.

**Chairman Headland:** We'll take support for SB 2042.

**Alex Cronquist, Legislative Council:** I staffed the interim committee so I was here to see if you had any questions. The fiscal note is \$4.3 million reduction from the general fund revenue.

**Keith Magnusson, National Guard Association of North Dakota:** Distributed testimony in support. See attachment #2. (Ended testimony at 21:45)

**Representative Klein:** In your data I see there are 13 states that allow the full 100%. Was there discussion on some other number?

**Keith Magnusson:** There are actually 25 states that exempt out the military retired pay. The charts don't give you a heck of a lot of credit on these publications if you exempt out part but it's a start. But why not do the whole thing. I think it's a good investment and the state of North Dakota would get it back.

**Representative Steiner:** Do you know how many people have the Congressional Medal of Honor in North Dakota?

**Keith Magnusson:** I don't but we have quite a number of them. We've got some on the wall. I think North Dakota has a greater per capita share. We always have had a lot of people from North Dakota that go into the military.

**Representative Klein:** Can you give an approximate figure of the average monthly retirement military pay?

**Keith Magnusson:** That is going to depend on a lot of things; rank, years of service, number of retirement points, etc. There probably isn't an average. It can vary from \$1,000 to several thousand dollars.

**Chairman Headland:** Is there further support?

**Lyle Schukard, Legislative Committee of the North Dakota Coordinating Council:** It's a policy of the coordinating council to support legislation that will benefit the welfare of the members of the armed forces. The committee of 15 must agree on the legislation to be supported or it does not get the support. I've been instructed to recommend to this legislative committee that a do pass on this bill is supported by the Veterans Coordinating Council.

**Lonnie Wangen, Commissioner of Veterans Affairs for the state of North Dakota:** In our office Veterans Affairs in the state are different offices. We get many calls about this from different service members around the country that is looking to retire. They look at the websites trying to find the best place for them. The impact on our state is a positive one when we bring our veterans in because they bring along with the VA benefits their college benefits and most of them want to work again so they add to our work force.

**Chairman Headland:** Is there further testimony in support? Is there any opposition? Seeing none we will close the hearing on SB 2042.

# 2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Fort Totten Room, State Capitol

SB 2042  
3/11/2015  
24682

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Mary Brucher*

## Explanation or reason for introduction of bill/resolution:

A bill relating to an income tax deduction for retired military personnel pay.

## Minutes:

No attachments

**Chairman Headland:** It seems we see this on an annual basis. The intent is well meaning but it's not defined in a way that I think if we were going to pass a bill to exempt the retired pay there should be some tie to have served in a war or have paid a price.

**Representative Klein:** The other concern I have is that we're not addressing the whole issue. If we're going to do this for veterans shouldn't we also look at the ones on social security and maybe the state retirees or the federal retirees; the whole system? I don't think we should pick out one group.

**Chairman Headland:** I think part of the argument they put forth yesterday in states that reduce for retired military benefits their overall tax is probably still greater than ours is today by taxing those benefits.

**Representative Klein:** When you look at \$2,000 to \$3,000 a month you're talking a good chunk of money. The average social security is \$1,200 or \$1,300 a month.

**Chairman Headland:** \$4.3 million. If we're going to provide tax relief for everyone we just can't carve out different sectors of our taxpayers. I would hope we can put a do not pass on this.

**Representative Trottier:** We saw this last session and I was all for it. I talked with some retirees and they said that they are patriots and they will pay tax just like everybody else. They expect to pay taxes and North Dakota taxes are so low they don't even notice their state income tax.

**Representative Hatlestad:** If I were to support something like this I would want it for the lower ranked individual who didn't get very much to start with and probably not drawing much of a pension either.

**Representative Schneider:** I'm going to recognize this as a skilled workforce development tool. It's also a chamber supported recruiting tool to get skilled workers into the state and to get and retain guard people. I'm going to vote to favor the bill.

**Representative Trottier: Made a motion for a do not pass.**

**Representative Dockter: Seconded.**

**Roll call vote: 12 yes 1 no 1 absent**

**Motion carries for a do not pass.**

**Representative Trottier will carry this bill.**

Date: 3-11-15  
 Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2042**

House Finance and Taxation Committee  
 Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Rep. Trottier Seconded By Rep. Dockter

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND	✓		REP HAAK	✓	
VICE CHAIRMAN OWENS	✓		REP STRINDEN	✓	
REP DOCKTER	✓		REP MITSKOG	✓	
REP TOMAN	✓		REP SCHNEIDER		✓
REP FROSETH	✓				
REP STEINER	✓				
REP HATLESTAD	✓				
REP KLEIN	✓				
REP KADING	AB				
REP TROTTIER	✓				

Total (Yes) 12 No 1

Absent 1

Floor Assignment Rep. Trottier

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2042, as engrossed: Finance and Taxation Committee (Rep. Headland, Chairman)**  
recommends **DO NOT PASS** (12 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING).  
Engrossed SB 2042 was placed on the Fourteenth order on the calendar.

**2015 TESTIMONY**

**SB 2042**

#1

## Senate Bill 2042

1-12-2014

### **Income Tax Exemptions for Veterans' Retirement Compensation**

The committee received information on income tax exemptions in other states for veterans' retirement compensation. The committee learned 8 states, including North Dakota, do not provide any income tax exemption relating to veterans' retirement compensation. Of the 42 states which provide an exemption for veterans' retirement compensation, 7 states do not collect personal income tax, 15 states exempt 100 percent of the retirement compensation, 1 state exempts 100 percent of retirement compensation if the veteran received the congressional medal of honor, 13 states have a maximum allowable exemption amount, and 3 states use a combination of a maximum amount and a percentage to determine the exemption amount.

The committee learned the 2013 Legislative Assembly considered, but did not approve House Bill No. 1254, which would have exempted military retirement pay from the state income tax. The fiscal note on SB2042 an estimated of \$4,300,000 for the 2015-17 biennium.

After hearing testimony that, even though our rates are low, the message it sends to veterans is North Dakota appreciates their service.

### **Recommendations**

The committee recommends SB2042 to exempt military retirement pay from the state income tax. The bill would be effective for taxable years beginning after December 31, 2014.

Senator Ron Sorvaag  
District 45

1-12-15  
# 2

**SENATE FINANCE & TAXATION COMMITTEE**

**SB 2042**

**Keith C. Magnusson**

**On Behalf of the National Guard Association of North Dakota**

**We are here today in support of SB 2042 and ask for your favorable consideration.**

The National Guard Association of North Dakota (NGAND) is an officer association advocating for the well-being of the soldiers and airmen of the North Dakota National Guard and educating and promoting the well-being of our state and nation. NGAND is made up of both active guardsmen and retirees. As of October 1, 2014, membership consisted of 100% of the 137 air and 445 army active officers in the state, along with 239 retirees. We also are speaking for the 522 members of the Enlisted Association. Our parent organization is the National Guard Association of the United States (NGAUS).

Retirement is a broad subject that is much in the news and discussed nationally. "Baby Boomers" are retiring in droves! In just the publications that I receive, there are many articles on all aspects of retirement. Copies of a few of these are included with my testimony, as I will further discuss.

Taxation is often the focus of many articles, as retirees are concerned about where to live and be able to preserve their funds and way of life. Kiplinger's is one of the best at keeping retirees and those planning for retirement informed on many aspects of retirement, including taxation. Included is an article from *Kiplinger's Personal Finance* on the "Best and Worst States for Taxes." North Dakota is not among the ten best. Also included is an article from *Kiplinger's Retirement Report* called "Watch Out for the State Tax Bite." Please note that there are six states, including North Dakota, that offer no safe haven for retirement income.

Now on to the crux of SB 2042, which is taxation of military retired pay. Military Officers Association of America (MOAA), which actually used to be an organization for retired officers, annually publishes a "State Report Card" in its *Military Officer* magazine. This "Report Card" tracks state-level policies benefitting current, retired, and former servicemembers. Although it discusses other things besides taxation, I have included the entire current "Report Card" for your use. Military retirees and those planning for retirement look at such things as taxes when looking for a retirement home base. Even when I was on active duty many years ago, there was a joke that if you drove through Texas or Florida in the middle of the night, or had been stationed there, you could claim it as your residence and not pay state income tax. And many have!

SB 2042 is an interim bill recommended by the Government Services Committee. Legislative Council prepared the included compendium of "Income Tax Exemptions for Veterans' Retirement Compensation." The 35 states listed, as of June 2014, provided a complete or at least partial exemption for military retired pay. Add to the 35 states listed

as having some exemption, the seven states that have no broad-based state income tax, as footnoted in the report, and there are 42 states providing some exemption from taxation for military retired pay. This year, Nebraska will be added with a partial exemption, but it appears North Carolina will go the other way (presumably due to budget pressures).

Why should North Dakota exempt military retired pay from state income tax? I am speaking from the point of view of the National Guard Association, but the same arguments could apply to other reserve forces and active duty, especially when discussing economic development. Some things to consider are: recognition of career service, recruiting and retention, and economic development.

Recognition of career service. It is in the best interests of North Dakota and our country to have National Guard officers and enlisted make their service a career. Think about the next flood, tornado, or other natural disaster. We want the Guard well trained and well led at these crucial times. This only happens if they are inclined toward a career in the Guard, which often is at great sacrifice to their personal life, family, and civilian career. The National Guard is no longer just weekend drills and summer camp ("weekend warriors")! They have dual state and national roles and missions. Having everyone serve for a minimum number of years, and then get out, will not work. Then we lose the benefit of that valuable training and the leaders necessary to accomplish the mission. We need incentives to keep our valuable National Guard ready. In fact, we should go further than SB 2042 does and consider exempting from income tax the pay active Guard and Reserve members receive for such service as training, both active and inactive (drills).

Recruiting and Retention. MOAA recently published an online article, "Retention Trouble Looming?", which, while talking about active duty forces, can apply as well to reserve forces. The article actually is concerning both recruiting and retention, as is my preceding paragraph. Very troubling is that 17-24 year olds are ineligible for the military in frightening numbers. What does that mean for recruiting? The *Wall Street Journal* published an online article that has been picked up by other media across the country as it seemed to hit home in many places. That article, which is included, says that the "Defense Department estimates that 71% of the 34 million 17- to 24-year olds in the U.S. would fail to qualify to enlist in the military if they tried ... ." The article discusses this further. In North Dakota, this may be even more troubling, with our rate of obesity and alcohol use, and that percentage may be higher. The federal government is trying to reduce benefits and even drill pay. Then, what would be the incentive to stay, when the spouse and family say it is no longer worth it?

Economic Development. We should welcome military retirees to North Dakota, or back to this state. They spend money, have second careers, are well trained and educated, and will pay taxes on their other income, property, and purchases. In the bigger picture, this could more than make up for the cost of a tax exemption on retired pay. Ask your chamber executives what they think of this. "Find the Good Life in North Dakota is targeting military retirees and former military. SB 2042 is a tool they can use!

# BEST AND WORST STATES FOR TAXES

**NO MATTER WHERE YOU RETIRE, YOU'LL** owe the same amount to Uncle Sam in federal taxes. But whether you stay put or relocate can have a significant impact on what you'll owe in state taxes.

If you're thinking of pulling up roots, compare the taxes in potential retirement states with those in your current state. Wherever you retire, you may be eligible for senior-related tax breaks on retirement income. (A state with no income tax is appealing, but don't forget about sales and property taxes.)

After analyzing the tax laws of the 50 states and the District of Columbia, we've come up with a list of the ten most and the ten least tax-friendly states for retirees. The map below offers a quick snapshot. For details on the tax rules in all the states, visit [kiplinger.com/links/retiretaxmap](http://kiplinger.com/links/retiretaxmap).

## RETIREMENT INCOME

Looking for a state that doesn't tax income? Try Alaska, Florida, Nevada, South Dakota, Texas, Washington or Wyoming. A couple of others, New Hampshire and Tennessee, tax only dividends and interest. But Tennessee exempts taxpayers 65 and older who have total annual income of \$33,000 or less for single filers (\$59,000 for joint filers). New Hampshire offers a \$1,200 exemption for taxpayers 65 and older.

Of the 41 states plus the District of Columbia that have a broad-based income

tax, most offer breaks to protect some (and, in a couple of cases, all) retirement income. The most generous states are Mississippi and Pennsylvania, which make all retirement income tax-free, including public and private pensions and distributions from retirement accounts, such as IRAs and 401(k)s.

Most other states allow retirees to exclude part of their retirement income. Georgia offers the largest such retirement-income exclusion, at \$65,000 for a taxpayer 65 or older (couples can shelter \$130,000). For a taxpayer age 62 to 64, the first \$35,000 of retirement income is tax-free. Kentucky allows exclusions of up to \$41,110 of military retirement pay, qualified private pensions, annuity income, and civil-service and state and local government pensions.

Six states offer no safe haven for retirement income: California, Minnesota, Nebraska, North Dakota, Rhode Island and Vermont. Connecticut excludes 50% of military retirement pay from tax, but it offers no other retirement-income breaks.

## SOCIAL SECURITY BENEFITS

States are pretty generous when it comes to Social Security. While Uncle Sam taxes up to 85% of your benefits, they're 100% tax-free in most states. Besides the nine states that don't have a broad-based income tax, 27 states and the District of Columbia grant Social Security benefits tax-free status.

The rest of the states tax Social Security to some extent. Rhode Island and West Virginia, for instance, tax benefits the same as the federal government does. Connecticut, Kansas and Missouri tax benefits when a taxpayer's income exceeds certain thresholds (which are above the federal levels). Some of the states, including New Mexico, allow benefits to qualify for a tax break under a broader retirement-income exclusion.

## ESTATE TAXES

Although many states don't impose estate or inheritance taxes (Indiana, Ohio and North Carolina repealed their death taxes as of 2013), 19 states and the District of Columbia have at least one or the other; Maryland and New Jersey impose both levies.

An estate tax hits the estate before assets are distributed, while an inheritance tax is paid by the heirs. Tennessee, which taxes estates of more than \$1.25 million, is phasing out its tax by 2016.

A key factor is how large an estate can be before triggering the tax. Often these exemptions are lower than the federal estate tax exemption, which for 2014 is \$5.34 million. For example, in New Jersey, the exemption is \$675,000.

In addition to an estate tax, Connecticut has a gift tax with a lifetime exclusion of \$2 million. Minnesota enacted a gift tax in 2013 but repealed it in March.



## Watch Out for the State Tax Bite

**T**AX PLANNING is a cornerstone of retirement planning. But by focusing on Uncle Sam, many retirees overlook the state-tax bite. States vary across the map on how they tax everything from retirement income to retail purchases. If you're thinking of relocating, be sure to know how potential retirement destinations compare with your current state when it comes to taxes.

Here we look at three primary categories: state tax treatment of pensions and retirement income, Social Security, and estates and inheritances. Other categories to consider are sales taxes and property taxes. You can get more information on all of these taxes by going online to Kiplinger's updated Retiree Tax Map ([kiplinger.com/links/retireetaxmap](http://kiplinger.com/links/retireetaxmap)).

You can click on a state to see its full tax profile. You also can sort the map based on certain categories, such as those states that have no income tax. By using the "compare" feature, you can select up to five states to see how they stack up to each other side by side.

### Pensions and Retirement Income

Retirement income of all kinds gets a pass in seven states. Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming have no state income tax.

Two states, New Hampshire and Tennessee, tax only dividends and interest, and both offer breaks to seniors. New Hampshire offers a \$1,200 exemption for taxpayers 65 and older. Tennessee exempts taxpayers over 65 who have total annual income of up to \$33,000 for single filers (\$59,000 for joint filers) from the tax on dividends and interest.

Of the 41 states, plus the District of Columbia, that have an income tax, eight have a flat tax, which imposes a single rate on all residents regardless of income. North Carolina is the newest convert to the flat tax, which kicks in this year; the state's flat income tax rate is 5.8% for 2014 and drops to 5.75% for 2015 and beyond. The other 33 states, plus the District, impose graduated tax rates, which tax households with higher incomes at a higher rate.

Most states offer some type of retirement-income exclusion, though some are more generous than others. Mississippi, for instance, exempts all retirement income, including public and private pensions and distributions from retirement accounts, such as IRAs and 401(k)s.

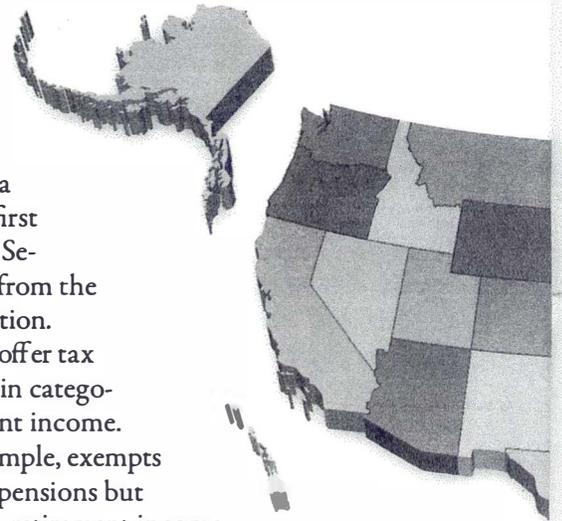
Other states exclude a set amount of retirement income from taxation. These amounts vary greatly, from a few hundred bucks to thousands of dollars. Georgia offers the largest retirement-income exclusion, at \$65,000 for a taxpayer 65 or older (couples can exclude \$130,000). Georgians who are ages 62 to 64 can exclude up to \$35,000 per taxpayer.

Pay close attention to the formula for the exclusion, which differs by state, too. Maine, which has increased its exclusion by \$4,000, lets seniors exclude up to \$10,000 of retirement income starting in 2014. The exclusion can be applied to pension income, annuity income and IRA distributions, but a taxpayer must first subtract Social Security benefits from the \$10,000 deduction.

Some states offer tax breaks on certain categories of retirement income. Kansas, for example, exempts in-state public pensions but taxes all private retirement income. Alabama excludes private pensions but taxes distributions from defined-contribution plans, such as 401(k)s.

Then there are those states that offer no safe haven for retirement income. This year North Carolina joins five other states that offer no breaks: California, Minnesota, North Dakota, Rhode Island and Vermont. (An extra hit: California imposes a 2.5% penalty for those who withdraw from a retirement plan before age 59½—in addition to the 10% federal penalty.)

Two states offer no general breaks on retirement income but do offer a break to military retirees. Connecticut excludes 50% of military retirement pay from tax. Starting in 2015, Nebraska will let military retirees choose to either exclude 40% of military retirement income for seven consecutive taxable years or to exclude 15% of that income for all taxable years starting the year they turn age 67.



## Social Security Benefits

While the federal government taxes up to 85% of Social Security benefits, the majority of states exclude Social Security from state income tax. Iowa is the newest member of that group—as of 2014, Iowa has completely phased out its state tax on Social Security benefits.

In addition to the nine states that don't have a broad-based income tax, Social Security benefits are free from state income taxes in Alabama, Arizona, Arkansas, California, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Virginia and Wisconsin. The District of Columbia also waives income tax on Social Security.

Of the remaining 13 states, Social Security benefits are taxable to some extent. Rhode Island and West Virginia, for instance,

tax benefits the same as the federal government does.

Connecticut, Kansas and Missouri tax benefits when a taxpayer's income exceeds certain thresholds that are higher than the federal threshold. As of 2015, Nebraska, which now taxes benefits the way Uncle Sam does,

joins this group. Starting next year, Nebraskans whose adjusted gross income is \$58,000 or less if married filing jointly, or \$43,000 or less for all other filers, will avoid having to pay state income tax on Social Security.

Some of these states allow benefits to qualify for a tax break under its retirement-income exclusion. New Mexico, for example, lets a retiree protect otherwise taxable benefits under its \$8,000 exclusion.

## Estate and Inheritance Taxes

The majority of states do not impose estate tax or inheritance tax. But 17 states and the District of Columbia have one or the other, and two states—Maryland and New Jersey—impose both levies. An estate tax hits the estate before assets are distributed, while an inheri-

tance tax is paid by the heirs. Tennessee, which calls its tax an inheritance tax, imposes a tax on estates of more than \$2 million in 2014; the exemption rises to \$5 million in 2015, and the tax is eliminated in 2016.

Generally, state estate-tax rates are graduated up to 16% on the largest estates. That compares with the 40% federal estate-tax rate. But estate-tax exemptions in some states are lower than the federal estate-tax exemption, which for 2014 is \$5.34 million. In Minnesota, for instance, estates larger than \$1.2 million are subject to state estate tax in 2014, gradually rising to \$2 million by 2018. In New Jersey, the exemption is \$675,000. In both cases, an estate that could be exempt from federal estate taxes could end up with a state tax tab.

A couple of states are gradually closing that gap starting this year and next. New York, whose estate-tax exemption had been \$1 million, raised it to \$2,062,500 as of April 1, 2014, and will gradually raise it until January 2019, when it's set to match the federal exemption in effect that year. Beginning in 2015, Maryland will raise its current \$1 million exemption to \$1.5 million. Its exemption will also gradually rise to eventually match the federal exemption by 2019.

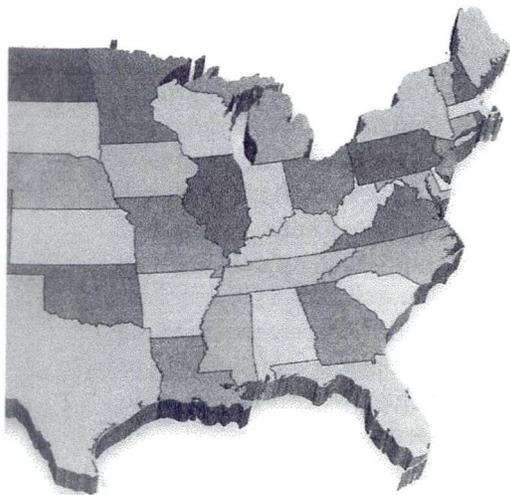
The gift tax remains standing in only one state: Connecticut. Its gift tax kicks in after a \$2 million lifetime exclusion. After implementing a gift tax last summer, Minnesota repealed it this year and retroactively for last year. **K** —RACHEL L. SHEEDY

## Impact of State Tax Tab

State taxes can make a big impact on those who want to convert money from a traditional IRA to a Roth IRA but who may relocate in retirement.

Let's say you plan to convert \$25,000, and you live in Oregon and are subject to the state's top tax rate of 9.9%. In addition to federal tax, you'd owe state tax of \$2,475 on the Roth conversion. If you retire to, say, North Carolina in 2015, you would owe \$1,438 at the state's flat tax rate of 5.75%. If instead you moved to Texas, a no-income-tax state, you would owe zero in state tax.

Delaying a conversion until retiring to the Tar Heel State or the Lone Star State would pay off by one or two thousand dollars. On the flip side, move from Texas to Oregon, and you'd be better off doing the conversion before departing the tax-friendlier state.



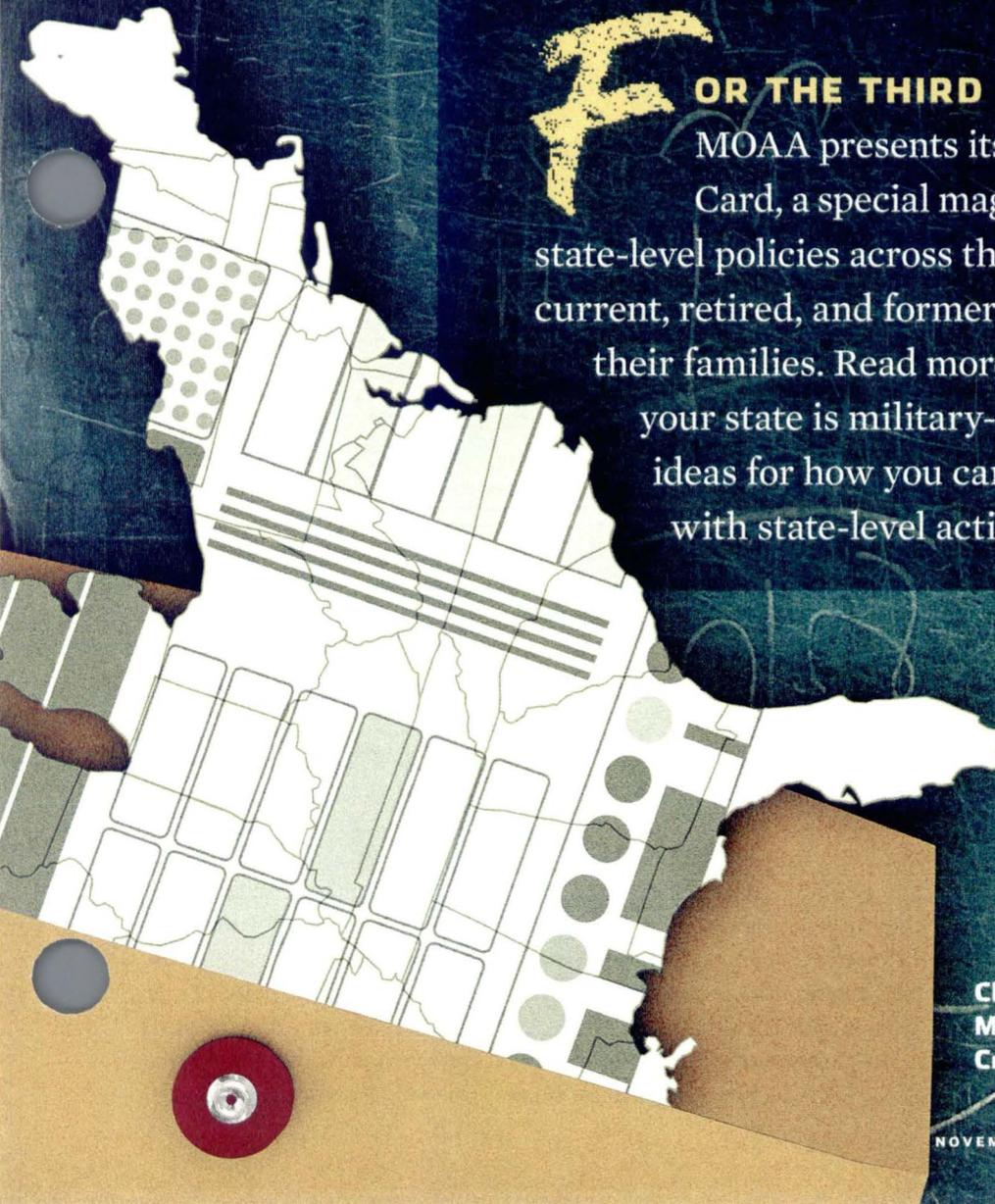
**MOAA**

State-by-State  
Assessment



# State Report Card

for military families, veterans, and retirees



**F**

**OR THE THIRD YEAR RUNNING,**  
MOAA presents its annual State Report Card, a special magazine section tracking state-level policies across the nation benefiting current, retired, and former servicemembers and their families. Read more to find out whether your state is military-friendly — and get ideas for how you can make a difference with state-level activism.

Chart data compiled by  
MOAA's Karen Golden and  
Cmdr. William Finch, USN (Ret)

# The Benefits of Being Military-Friendly

By Heidi Lynn Russell

**WHY SHOULD A STATE BE “MILITARY-FRIENDLY”?** Other than for moral reasons (e.g., supporting those who selflessly serve the country), a revenue stream, derived from capturing separating servicemembers in the civilian workforce, is a key benefit. Plus, the state’s educational institutions

and high-tech corporations have greater access to a strong talent pool — servicemembers with leadership skills and military training. Additionally, a pro-veteran stance demonstrates a state’s worthiness of keeping any military installation safe from base realignment and closure (BRAC).

Here are three states that used pro-veteran programs and policies not only to benefit their military population but also to help solve their economic challenges.

## Iowa

Iowa is small (with 3 million people) compared to other Midwestern

states, and it has been plagued with a high unemployment rate and government deficits. To grow, the state needed to attract and retain a skilled and trained workforce, says Debi Durham, director of the Iowa Economic Development Authority.

To accomplish this, Maj. Gen. Tim Orr, the adjutant general of the Iowa National Guard, who was aware of upcoming troop draw-downs, suggested to Gov. Terry Branstad that Iowa do something to get ahead of the curve and attract exiting veterans to the state.

In November 2013, Brandstad formally announced the Home Base

Iowa initiative, a private-public partnership that would match veterans with jobs available across Iowa and connect employers and veterans via [www.homebaseiowa.org](http://www.homebaseiowa.org).

In April, Branstad and Lt. Gov. Kim Reynolds met with MOAA President Vice Adm. Norbert R. Ryan Jr., USN (Ret), and other MOAA staff members to discuss the initiative, and, on Memorial Day 2014, Brandstad signed the Home Base Iowa Act into law.

“It’s the governor’s goal to be the friendliest state in the country,” Durham says.

Doing so could protect Iowa and its neighbors from BRAC. “We have Rock Island Arsenal in Illinois on the border,” she says. “We see a direct benefit to having them there. We believe that the more we can build up Guard units and the veteran talent pool, the more it helps set us apart. We are always watchful of BRAC and very proactive in making a case of the value we bring to the country.”

## Massachusetts

The Boston area alone is home to more than 60 colleges and universities, including the Massachusetts Institute of Technology. High-tech defense corporations, like Raytheon and The MITRE Corp., are in Massachusetts. Additionally, the state has six military bases that employ more than 46,500 people, partner with local businesses and schools, and have an annual economic impact (revenue) of \$14.2 billion on local communities. To marry the efforts of educational institutions, cutting-edge technological corporations, and defense installations with the interests of veterans, the state focused on cross talk.

“[Cross talk] is a skill most leadership in the military understands,” says Maj. Paul Cancelliere, USA (Ret), treasurer of MOAA’s Paul Revere Chapter, who led an effort to improve Massachusetts’ policies affecting veterans. “It’s a skill that occurs at all levels. You identify in the corporate or commercial space who are your influencers [and] who are your sponsors.”

To get people “cross-talking,” Cancelliere presented a bipartisan package of ideas from MOAA and DoD to Coleman Nee, the state secretary of veterans’ services. “It was a matter of good timing,” Cancelliere says. “I’d never met him before in my life, and he had a direct line to the governor. He is very astute at building relationships and has done a fantastic job.”

In addition, former Lt. Gov. Timothy P. Murray (who now leads the Worcester Regional Chamber of Commerce) launched the Military Asset and Security Strategy Task

Force, a coalition that connects the dots between the military and leaders of industry, academia, nonprofit groups, quasi-public agencies, and government.

Murray “understood how to build interest within a community and interest within a commonwealth and within a region,” Cancelliere says. “He does it very easily. It sounds simple, but it’s difficult to execute.”

## Virginia

A stream of exiting servicemembers are on the fence about making Virginia their permanent home — but, if they stay, it means a significant

revenue stream for the state and local municipalities, say MOAA Virginia Council of Chapters (VCOC) President Col. Victoria Revilla, USA (Ret), and 3rd Vice Chair Col. Stuart Williams, USA (Ret).

“There are different private organizations around the capital area that are in the defense-support business and in manufacturing,” says Revilla. “A lot of people look toward staying in the area to get those high-level executive positions with those companies.”

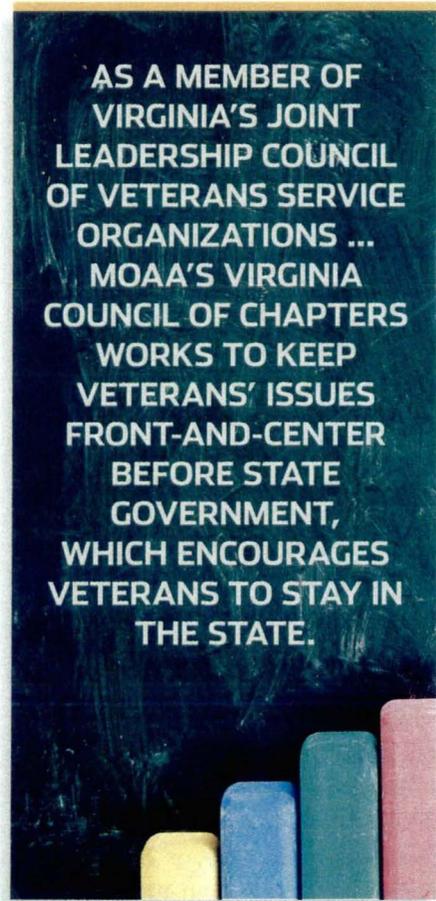
As a member of Virginia’s Joint Leadership Council of Veterans Service Organizations, whose mission is to advise and assist the governor and the state Department of Veteran Services on issues of importance to veterans, the VCOC works to keep veterans’ issues front-and-center before state government, which encourages veterans to stay in the state.

“We would be in a pretty tough position” without the cohesiveness of Virginia’s Joint Leadership Council, Williams says.

Virginia has 40 state senators and 100 lawmakers in the House of Delegates. MOAA has members in 35 Senate districts and about 75 of the delegate districts, Williams says. Appointed members liaise with lawmakers heavily. “We all go to Richmond in January and call on every one of them to work on objectives,” he says.

Revilla says, “A key reason we’re able to move so quickly on issues in Virginia is due to that relationship between MOAA and the legislators.”

— Heidi Lynn Russell is a freelance writer based in Kentucky. Her last feature article for Military Officer was “Veterans Welcome,” May 2014.



AS A MEMBER OF  
VIRGINIA'S JOINT  
LEADERSHIP COUNCIL  
OF VETERANS SERVICE  
ORGANIZATIONS ...  
MOAA'S VIRGINIA  
COUNCIL OF CHAPTERS  
WORKS TO KEEP  
VETERANS' ISSUES  
FRONT-AND-CENTER  
BEFORE STATE  
GOVERNMENT,  
WHICH ENCOURAGES  
VETERANS TO STAY IN  
THE STATE.

# Veteran & Retiree Benefits Criteria



**Military Retirement Pay Exempt From State Taxation:** Some states allow military retirees to exempt a specific amount, a percentage, or full military retired pay from taxation.

Most states determine what income is subject to taxation based on a filer's federal tax return. Retirees who entered the military before Sept. 24, 1975, and members receiving disability retirement based on combat injuries or who could receive disability payments from the VA are covered by laws giving disability broad exemption from federal income tax. Spouses also might be able to receive exemptions for their survivor benefits.

Most military retired pay based on service-related disabilities is exempt from federal income taxation, but there is no guarantee of protection. Consult a tax expert in your state regarding your specific situation.

*Green* indicates military retired pay is exempt (or mostly exempt) from state taxation.

*Yellow* indicates a limited or conditional tax exemption.

*Red* indicates no exemption or a very limited exemption.

**Property Tax Exemptions:** The chart considers only realty property tax exemptions. In most states, municipalities levy a property tax in addition to any state-levied property tax. In some states, property taxes are left solely to counties or municipalities. Exemptions may be available to all state residents and not solely available to veterans. Color assignments are subjective.

*Green* indicates 1) exemptions available for veterans only, regardless of age or income, or 2) partial exemptions for less-than-100-percent

disabled veterans or total exemptions for 100 percent/totally disabled.

*Yellow* indicates 1) exemptions available for seniors or 2) partial exemptions for disabled veterans.

*Red* indicates no exemption or a very limited exemption.

**In-State Tuition for Nonresident Veterans:** The Veterans Access, Choice, and Accountability Act of 2014 requires public colleges receiving GI bill education payments to provide in-state tuition to veterans and eligible dependents, effective fall 2015.

**Veteran Status on Driver's License/State ID:** All but two states have passed legislation adding veteran's designation to driver's licenses and state ID cards, enabling veterans to prove their status (e.g., for veteran's discounts) without discharge papers.



# Blue Skies of Texas

SENIOR LIVING IN THE TRADITION  
OF AIR FORCE VILLAGE

## Sky-high possibilities.

As retired officers, we have long prized our lifestyle, and today we can invite our retired civilian friends and neighbors to join us. Featuring a rich array of services and amenities, two residential campuses, life care for cost management and peace of mind, a complete continuum of care, and an absolutely amazing variety of fascinating residents, we're Blue Skies of Texas – heritage-rich, future-focused senior living in the tradition of Air Force Village.

*For the senior looking to get a little more out of retirement, it's simple. Look up and soar.*

**1.888.818.3362**  
[BlueSkiesOfTexas.org](http://BlueSkiesOfTexas.org)

Blue Skies of Texas  
5100 John D. Ryan Blvd. | San Antonio, TX 78245



# Veteran & Retiree Benefits

**THE STATE POLICIES PRESENTED ON THE CHART BELOW** generally benefit servicemembers who have separated or retired from the military. See “Veteran & Retiree Benefits Criteria,” previous page, for an explanation of each category.



## Symbols

- GAIN
- LIMITED/CONDITIONAL
- YES
- ADDITIONAL NOTES
- NO/MINIMAL

	ALABAMA	ALASKA	ARIZONA	ARKANSAS	CALIFORNIA	COLORADO	CONNECTICUT	D.C.	DELAWARE	FLORIDA	GEORGIA	HAWAII	IDAHO	ILLINOIS	INDIANA	IOWA	KANSAS	KENTUCKY	LOUISIANA	MAINE
<b>RETIREMENT/SBP TAX EXEMPTION</b>																				
<b>PROPERTY TAXES</b> <i>for All Veterans</i>																				
<i>for Disabled Veterans</i>																				
<b>IN-STATE TUITION</b>																				
<b>VETERAN STATUS ON LICENSE/ID</b>																				

## ○ ADDITIONAL NOTES

Policies vary widely from state to state. Some specific factors to be aware of are highlighted below. However, it's important to weigh the benefits of each state's practices in light of your personal financial situation.

**Colorado:** First \$20,000 or \$24,000 of Social Security and other retirement income exempt for age 55 or 65 and older

**Connecticut:** 50 percent of military retired pay exempt

**Delaware:** State ID card

**Georgia:** \$35,000 exempt, ages 62-64 or totally disabled; \$65,000 exempt age 65 and older

**Idaho:** \$30,000-\$45,000 retired pay deduction, reduced by Social Security, for age 65 and up (age 62 if disabled)

**Illinois:** Effective July 2015

**Iowa:** Military retired pay and SBP exempt retroactive to Jan. 1, 2014

**Kentucky:** Retirement pay earned before Jan. 1, 1998, is exempt; pay for service after 1997 and other retirement income qualifies for a \$41,110 tax exclusion

**Missouri:** 75 percent of military retirement pay exempt as of Jan. 1, 2014; deduction increases 15 percentage points annually, with all military pension income exempt Jan. 1, 2016

**New Jersey:** Effective March 2015

**North Carolina:** Retired pay and SBP exempt with five years' credible service before Aug. 12, 1989; others allowed a \$4,000 deduction

**Oklahoma:** Greater of 75 percent or \$10,000 of military retired pay exempted

**Oregon:** Retirees and surviving spouses may be able to exempt pay due to service prior to Oct. 1, 1991

**Virginia:** State ID card

**Washington:** Effective 2017

**West Virginia:** \$2,000 exempt, additional exemption up to \$20,000



State laws are subject to change; contact your state's department of veterans affairs for up-to-date information.

Currently  
Serving Family  
**Benefits**

**THESE POLICIES AND PROGRAMS** generally benefit currently serving military members and their families. Learn more about legislative successes in “Education Gains,” facing page.

**Servicemember Credit Toward State Licensure/Certification for Military Training:**

To date, 46 states have passed legislation counting military education, training, and experience toward professional licensure and certification requirements. Veterans in these states can show licensing boards and academic institutions their transcripts of military service issued by DoD when they apply for professional licenses or certification.

**Portability for Military Spouse Licensure:**

Because licensing requirements can vary widely between states, PCS moves can inhibit career development of military spouses in professions requiring licensure. To date, 47 states have adopted legislation to ease this problem. Certain professions such as teaching, law,



- ALABAMA
- ALASKA
- ARIZONA
- ARKANSAS
- CALIFORNIA
- COLORADO
- CONNECTICUT
- D.C.
- DELAWARE
- FLORIDA
- GEORGIA
- HAWAII
- IDAHO
- ILLINOIS
- INDIANA
- IOWA
- KANSAS
- KENTUCKY
- LOUISIANA
- MAINE

**SERVICEMEMBER**  
State License Credit/Military Training



**SPOUSE**  
Portable State License

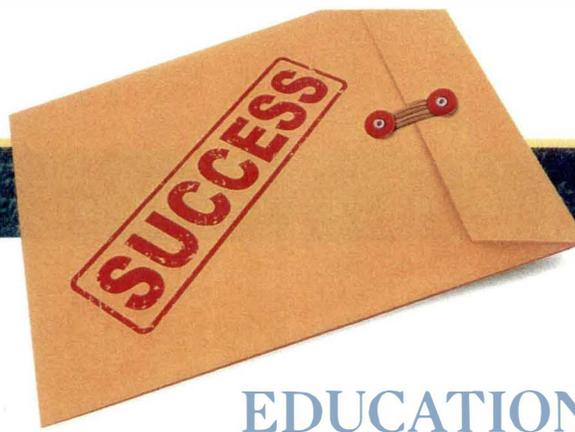


**SPOUSE**  
Unemployment



**CHILD**  
Interstate Compact





and others might not be covered in many states, so be sure to check your state's provisions.

**Unemployment Compensation for Military Spouses:** Military spouses often must quit their jobs to follow their military sponsors. Forty-six states now permit military spouses in this situation to receive unemployment compensation while seeking work at their new duty stations.

**Interstate Compact on Educational Opportunity for Military Children:** Now adopted in all 50 states, the compact helps military children overcome educational challenges associated with frequent interstate moves. States that participate follow common guidelines when handling issues such as records transfer, class placement, and graduation requirements.

## EDUCATION GAINS

**Servicemembers and their families** will face fewer education challenges thanks to two recent policy decisions.

On Aug. 7, President Barack Obama signed the Veterans Access, Choice, and Accountability Act, which includes a provision that grants to recent veterans in every state in-state tuition at any public college or university receiving federal funding through the Post-9/11 GI Bill. The law takes effect July 1, 2015, and applies to veterans who have served at least 90 days of active duty service to pay resident tuition rates in any state within three years of leaving the military. It also covers spouses and dependent children of veterans meeting certain criteria.

On Aug. 18, New York became the 50th state to sign the Interstate Compact on Educational Opportunity for Military Children.

### Symbols

-  GAIN
-  LIMITED/CONDITIONAL
-  YES
-  NO/MINIMAL



State laws are subject to change; contact your state's department of veterans affairs for up-to-date information.

# MOAA

## State by-State Assessment

tary Children. The compact helps to alleviate some of the challenges — class placement, records transfer, immunization requirements, graduation requirements, exit testing, and extracurricular opportunities — military children face when transitioning between schools.

Both issues have been the focus of the DoD-State Liaison Office (DSLO), which has eight state liaisons across the country dedicated to educating state policymakers and other key stakeholders about the challenges and issues faced by servicemembers and their families. MOAA councils and chapters and other organizations often work in partnership with the DSLO to advance these state-level initiatives.

“These educational initiatives are much like the other issues DSLO works, in that the desired outcome alleviates barriers for servicemembers [and] recent veterans and their families that are associated with the demands of military life,” says Marcus Beauregard, chief, DSLO.

“MILITARY CHILDREN AND SEPARATING SERVICEMEMBERS FIND THEMSELVES IN CIRCUMSTANCES NOT NECESSARILY OF THEIR CHOOSING, AND THE [EDUCATION INITIATIVES] HELP LEVEL THE PLAYING FIELD FOR THEM.”

— Marcus Beauregard,  
chief, DoD-State  
Liaison Office



## LAS VENTANAS

AT SUMMERLIN

AN ABHOW MANAGED COMMUNITY

*“I have more of a social life here than I ever did living by myself in a big house.”*

— Jeanett Kelly

**Call 1 (888) 298-1185**  
to schedule your personal tour today!

Active Adult Living | Assisted Living | Skilled Nursing

10401 West Charleston Boulevard  
Las Vegas, NV 89135 | [www.lasventanaslv.com](http://www.lasventanaslv.com)





## **Master of Business** *for* **Veterans**



### **Equipping military leaders for success in business**

The USC Marshall School of Business Master of Business for Veterans (MBV) is a one year master's degree in business created specifically for military veterans, active-duty and reserve personnel. The 1-year (2-semester) accelerated degree offers unique knowledge and world-class networks needed to succeed in today's business environment.

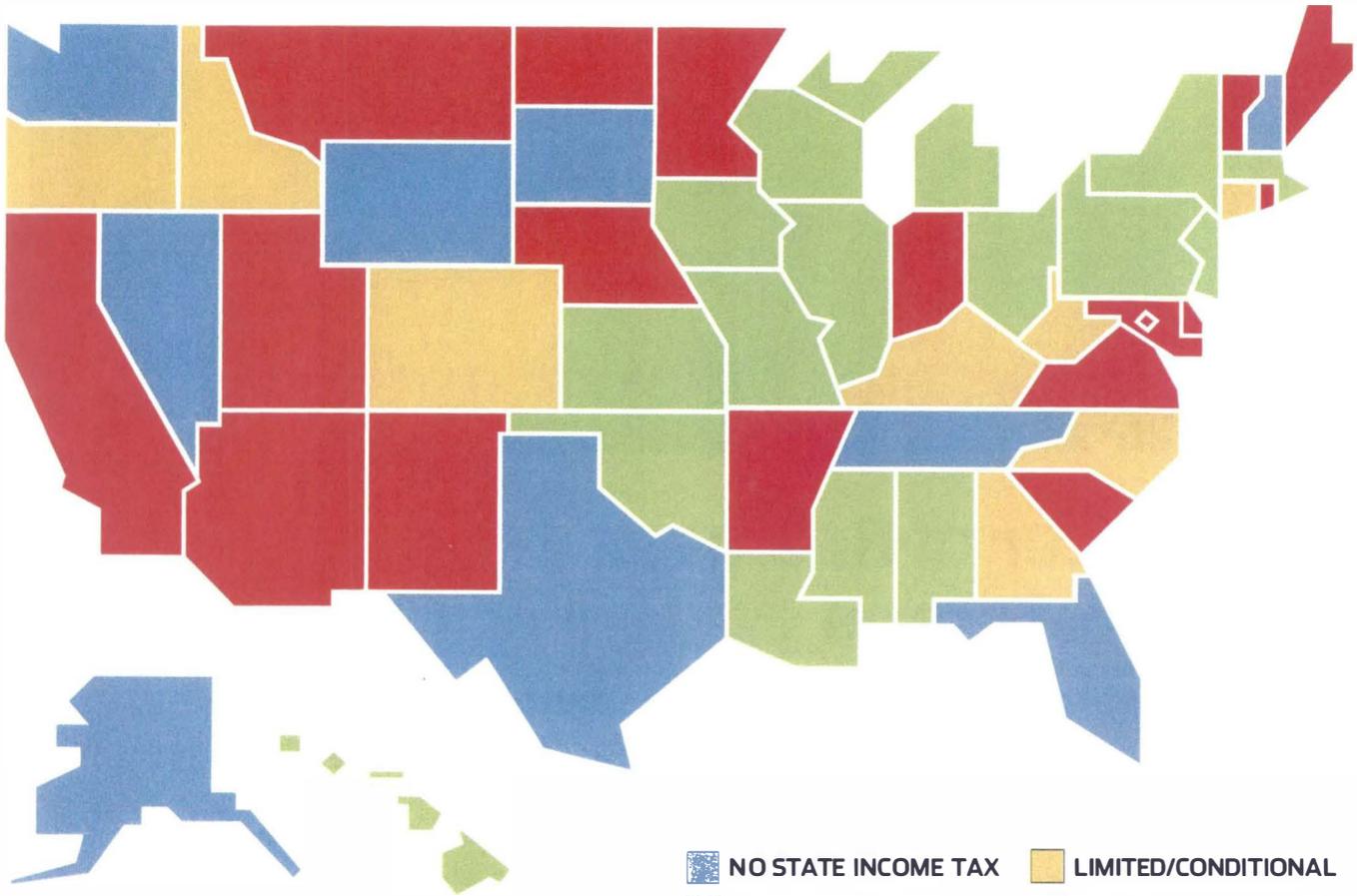
For immediate program details go to:

**[marshall.usc.edu/mbv](http://marshall.usc.edu/mbv)**

or call (213) 740-8990

**USC Marshall**  
School of Business

### TAXATION OF MILITARY RETIRED PAY



- NO STATE INCOME TAX
- LIMITED/CONDITIONAL
- NO TAX ON MILITARY RETIRED PAY
- TAX ON RETIRED PAY

#### Military Retirement Pay Exempt From State Taxes:

Some states allow military retirees to exempt a specific amount, a percentage, or full military retired pay from state income taxation. Note that Tennessee and New Hampshire tax only dividend and interest income, while Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming have no state income tax. (These states are indicated in blue above.)

Veterans also might receive exemptions for disability pay, and spouses might be able to receive exemptions for their survivor benefits. MO

#### Publisher's Advertising Representatives

James G. Elliott Co. Inc.  
New York: (212) 588-9200  
Chicago: (312) 236-4900  
Los Angeles: (213) 624-0900

Contents of *Military Officer* articles are the opinions solely of the authors and do not necessarily express the policy or opinions of the publisher. Similarly, the advertisements do not reflect an endorsement by the association unless so indicated. *Military Officer* is a registered trademark of MOAA. Printed in the USA.

The information in this guide is, to the best of our knowledge, correct as of Oct. 1, 2014.

## INCOME TAX EXEMPTIONS FOR VETERANS' RETIREMENT COMPENSATION

This memorandum provides information regarding income tax exemptions in other states for veterans' retirement compensation. The schedule below identifies which states exempt veterans' retirement compensation from income taxes and the amount of the exemptions.

State <sup>1</sup>	Income Tax Exemption for Veterans' Retirement Compensation	Amount of Exemption
Alabama	Yes	100 percent
Arizona	Yes	Up to \$2,500
Arkansas	Yes	Up to \$6,000
California	No	-
Colorado	Yes	Up to \$24,000
Connecticut	Yes	50 percent
Delaware	Yes	Up to \$2,000 for persons under age 60; up to \$12,500 for persons age 60 and older
Georgia	Yes	Up to \$35,000
Hawaii	Yes	100 percent
Idaho	Yes	Up to \$30,156 if single; up to \$45,234 if married filing jointly
Illinois	Yes	100 percent
Indiana	Yes	Up to \$5,000
Iowa	Yes	Up to \$6,000
Kansas	Yes	100 percent
Kentucky	Yes	State calculation - The total annual government retirement payments are multiplied by a fraction, determined using the number of full or partial years of service after January 1, 1998, divided by the total number of full or partial years of service
Louisiana	Yes	100 percent
Maine	Yes	Up to \$6,000
Maryland	Yes	Up to \$5,000
Massachusetts	Yes	100 percent
Michigan	Yes	100 percent
Minnesota	No	-
Mississippi	Yes	100 percent
Missouri	Yes	75 percent
Montana	Yes	Up to \$3,600
Nebraska	No	-
New Hampshire	Yes	100 percent
New Jersey	Yes	100 percent
New Mexico	No	-
New York	Yes	100 percent
North Carolina	Yes	For persons with five years of service as of August 12, 1989, 100 percent of military retirement pay is exempt; up to \$4,000 exempt for other persons
North Dakota	No	-
Ohio	Yes	100 percent
Oklahoma	Yes	Greater of 75 percent or \$10,000
Oregon	Yes	9 percent credit
Pennsylvania	Yes	100 percent
Rhode Island	No	-

State <sup>1</sup>	Income Tax Exemption for Veterans' Retirement Compensation	Amount of Exemption
South Carolina	Yes	Up to \$3,000 for persons under age 65; up to \$10,000 for persons age 65 and older; National Guard and reserve components pension and retirement income is 100 percent exempt
Tennessee	Yes	100 percent
Utah	No	-
Vermont	No	-
Virginia	Yes	100 percent for persons awarded the Congressional Medal of Honor
West Virginia	Yes	Up to \$22,000
Wisconsin	Yes	100 percent

<sup>1</sup>Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not collect personal income taxes.

Join Now Login



[Home](#) | [eNewsletters](#) | [Contact Us](#)

Search MOAA



[Take Action](#) | [Access Member Benefits](#) | [Connect with MOAA](#) | [Chapters](#) | [Publications](#) | [Media Center](#) | [About MOAA](#)

# Retention Trouble Looming?

October 31, 2014

Senior Army leaders and some members of Congress are beginning to express concern that a confluence of factors could seriously hamper recruiting and retention in the coming years.

The services have routinely met or exceeded recruiting and retention goals over the past decade, but the current drawdown may be masking a growing problem.

Recent history illustrates some of the potential impacts that a drawdown and compensation cuts can have on recruiting and retention.

During the last major drawdown in the 1990s, the services significantly reduced their recruiting and retention goals which in turn made it easier for them to achieve them. But years of military pay caps created a 13.5 percent pay gap with the private sector, out-of-pocket housings costs rose to 18 percent and REDUX cut retired pay by 25 percent.

By the late 1990s these cuts coupled with a booming economy led the services to experience serious difficulties attracting and retaining the quality personnel that they needed. To meet their needs the services were forced to use expensive bonuses, and Congress eventually responded to the crisis by reversing compensation cuts.

The services may now be repeating this dangerous mistake. In a typical year the Army fills almost half of its annual recruiting needs through the Delayed Entry Program (DEP), but in 2015 only 30 percent of recruiting needs will be filled through DEP.

According to Maj Gen Allen Batschelet, commanding general of US Army Recruiting Command, 40 percent of Army recruits never finish their first term. About 15 percent of enlistees fail to make it through initial-entry training, and another 25 percent leave the service during their first permanent duty assignment.

A growing economy, continued military pay and compensation cuts, retirement reform, increasing operational tempo with a smaller force, the perception of limited career prospects, and other societal changes may challenge the Army's ability to recruit and retain the best and brightest servicemembers.

The return of sequestration in FY 2016 would force even deeper cuts. MOAA will continue to educate members of Congress on the need to maintain parity with the private sector to avoid harming recruiting and retention in the future.

## Why Should You Join?

MOAA members have access to services specifically designed for them.

[Join today](#)

[Serving in Uniform](#) | [Retired Still Working](#) | [Spouse & Family](#) | [Enjoying Retirement](#) | [Survivors](#)

[Home](#) | [About Us](#) | [Contact Us](#) | [Privacy Policy](#)

Connect with us



© Copyright 2014 Military Officers Association of America  
MOAA is the nation's largest and most influential association of military officers.  
It is an independent, nonprofit, politically nonpartisan organization.

201 N. Washington St., Alexandria, Va. 22314  
(800) 234-6622

Recruits' Ineligibility Tests the Military  
More Than Two-Thirds of American Youth Wouldn't Qualify for Service, Pentagon Says

By MIRIAM JORDAN

June 27, 2014 6:59 p.m. ET



David Monzon, who lost over a hundred pounds and plans to join the Army, pours a cup of water after jogging near his home in Los Angeles. *Patrick T. Fallon for The Wall Street Journal*

More than two-thirds of America's youth would fail to qualify for military service because of physical, behavioral or educational shortcomings, posing challenges to building the next generation of soldiers even as the U.S. draws down troops from conflict zones.

The military deems many youngsters ineligible due to obesity, lack of a high-school diploma, felony convictions and prescription-drug use for attention-deficit hyperactivity disorder. But others are now also running afoul of standards for appearance amid the growing popularity of large-scale tattoos and devices called ear gauges that create large holes in earlobes.



Brittany Crippen, from Fort Worth, Texas, was disqualified because of a tattoo on the back of her neck. *Mei-Chun Jau for The Wall Street Journal*

A few weeks ago, Brittany Crippen said she tried to enlist in the Army, only to learn that a tattoo of a fish on the back of her neck disqualified her. Determined to join, the 19-year-old college student visited a second recruiting center in the Dallas-Fort Worth area and was rejected again.

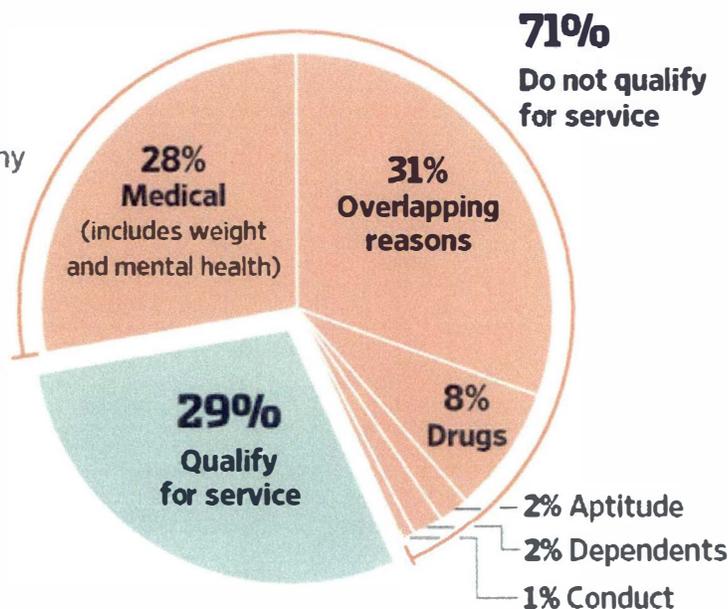
Apologetic recruiters encouraged her to return after removing the tattoo, a process she was told would take about year. "I was very upset," Ms. Crippen said.

The military services don't keep figures on how many people they turn away. But the Defense Department estimates 71% of the roughly 34 million 17- to 24-year-olds in the U.S. would fail to qualify to enlist in the military if they tried, a figure that doesn't even include those turned away for tattoos or other cosmetic issues. Meanwhile, only about 1% of youths are both "eligible and inclined to have a conversation with us" about

military service, according to Major Gen. Allen Batschelet, commanding general of U.S. Army Recruiting Command.

## Turned Away

Pentagon estimates for why 17- to 24-year-olds wouldn't qualify for the military, excluding cosmetic reasons.



Note: Figures don't add up to 100 due to rounding  
 Source: Department of Defense, QMA Study 2013

## U.S. Army's enlistment requirements\*

- Between 17 (with parental consent) and 34 years of age
- Scored a minimum of 33 out of 99 on Armed Forces Qualification Test, which assesses English, math, science and cognitive skills
- No felony convictions
- No persistent illegal drug use
- No insulin-dependent diabetics
- Meet height/weight standards for age group
- U.S. citizen or foreign national with legal status
- No tattoos on fingers, neck or face
- No ear gauges
- No ADHD medication in past 12 months
- High school diploma or GED with some college credits

\*Doesn't include all requirements, and some can be waived at the Army's discretion.

The Wall Street Journal

Comparable data aren't available for earlier years because the Pentagon began tracking eligibility only recently. But experts said seniors graduating from high school this year face the longest odds to qualify for military service since the draft was abolished in 1973.

"The quality of people willing to serve has been declining rapidly," said Gen. Batschelet.

Each year, about 180,000 young men and women successfully volunteer for America's active-duty forces. An additional 110,000 join the services' reserve and National Guard units. Individual services manage their own recruiting and have the authority to grant waivers to applicants who don't meet broad standards.

When the military faced escalating foreign engagement in recent years, recruiting standards were loosened: In 2007, only 79% of those who enlisted in the Army had completed high school, compared with 90% in 2001, while the Army also accepted recruits with more excess body fat during the height of the Iraq war.

"We have not adopted a zero-defect mentality. We evaluate each applicant from a whole-person perspective," said Nathan Christensen, a Defense Department spokesman, who added that military services have been meeting their recruiting targets in recent years.

To some degree, that has been aided by enlistment bonuses. From 2000 to 2008, the Defense budget for enlistment bonuses more than doubled to \$625 million, and it jumped more than 50% to \$1.4 billion for selective re-enlistment bonuses, according to a Rand Corp. analysis.

Obesity, the single biggest reason for disqualifying new recruits, and other obstacles, such as poor educational attainment, led 90 retired military leaders in 2009 to form Mission: Readiness, a nonprofit aimed at raising awareness and seeking solutions. The group has lobbied state and federal officials to improve nutrition in schools and expand access to early education.

"We're trying to make decision makers see this is a national-security matter—and they need to prioritize it," said retired Major Gen. Allen Youngman. In the past, he said, "a drill sergeant could literally run the weight off a soldier as part of the regular training program," but now, "we have young people showing up at the recruiter's office who want to serve but are 50 or more pounds overweight."

About a quarter of high-school graduates also can't pass the Armed Forces Qualification Test, which measures math and reading skills, Gen. Youngman said. "They aren't educationally qualified to join the military in any capacity, not just the high-tech jobs," he said.

U.S. Army First Sgt. James Sawyer, who heads recruiting across a swath of Los Angeles County, said tattoos have become the most common cosmetic reason that applicants are disqualified. The Army already banned tattoos on the face, neck and fingers, but according to regulations in effect May 1, soldiers also can't have more than a total of four visible tattoos below the elbows and knees, and tattoos must be relatively small. The goal of the tattoo rules is to maintain a professional-looking Army, Sgt. Sawyer said. He added that "the average person in California has a tattoo."

Gabby Guillen, director of tattoo removal at Homeboy Industries, a Los Angeles nonprofit that provides services to former gang members, said that "on a daily basis, people come in saying they don't qualify for the military because of their tattoos. They have visible tattoos. Sometimes it's behind the neck area, on the hands, face, ears."

Sgt. Sawyer's El Monte, Calif., recruiting center serves towns with a total population of 325,000 people. It enlists 10 to 15 people a month. "A lot of times, we don't even get to the interview stage," said the sergeant on a recent afternoon as some would-be soldiers dropped in.

One young man showed up with two gaping holes in his earlobes, the result of wearing ear gauges. "Come back when they're closed," the recruiter said, after jotting down the applicant's information.

David Monzon, a 23-year-old East Los Angeles man, said he had long wanted to join the Army but wasn't able to enlist after graduating; at 5 feet 6 inches tall, he weighed 300 pounds. After researching weight-loss programs, Mr. Monzon eliminated pizza, chili-cheese fries and other fatty foods from his diet, and he began riding his bike everywhere.

In February, Mr. Monzon walked into the recruiting center weighing 210 pounds. Sgt. Sawyer told him he was impressed but that he still needed to drop a few more pounds.

"I was pretty confident I would make it," Mr. Monzon said. He did. Now 190 pounds, Mr. Monzon is heading to South Carolina for basic training in September.

Ms. Crippen, meanwhile, said she was still considering whether to remove her fish tattoo, the only one of four tattoos she has that is problematic. "My parents said they'll pay for it, but right now I really don't know what I'll do," she said. "My tattoo isn't offensive."

**Write to Miriam Jordan at [miriam.jordan@wsj.com](mailto:miriam.jordan@wsj.com)**

# The Bad Lands Cow Boy Will Be Back On The Streets Of Medora Next Summer



Vol. 1, No. 1 of the Bad Lands Cow Boy.

**A**s winter was setting in to the Badlands in late 1883, a young easterner looking for adventure lugged a big old printing press off the train in Medora and began publishing a newspaper, the *Bad Lands Cow Boy*. In his first edition, printed February 7, 1884, A. T. Packard announced that the principal mission of the newspaper was "to print the best cattle paper in the Northwest and to preach King Cattle to all men."

Acknowledging financial realities, he announced on the front page of the paper "The Cow Boy is not published for fun but

for \$2 per year . . . If a subscriber should happen to be out of cash, furs of all kinds at the highest market price will be taken in payment. They are as good to us as money."

The paper achieved some notoriety in its short existence. Like many other Badlands ventures, it disappeared after the long "winter of the blue snow" in 1886-1887, the winter which killed most of those "cattle of the Northwest," and ended the ranching careers of many of the ranchers who owned them, including a fellow easterner named Theodore Roosevelt, who had arrived here about the same time as Packard and established a ranch on the Little Missouri River. A fire destroyed the newspaper's office that winter, and Packard, like many of

the other residents, including Roosevelt, left Medora.

The Theodore Roosevelt Medora Foundation is pleased to announce that the *Bad Lands Cow Boy* will resume publication in the summer of 2015. The Foundation has recently received permission to use the newspaper's name, thanks to the generosity of Badlands horseman and historian Wally Owens.

At the outset, the paper will be published twice weekly and will be available on the streets of Medora. The paper's headquarters will be at the *Medora Musical Ticket and Information Office* across the street from the Chuckwagon in downtown Medora.

Our plans are to tell the history of Medora and "Little Missouri Country," as Packard called it, using the files of the original Cow Boy and other reference materials, and to provide up-to-date news about activities in and around Medora to keep residents and visitors to Medora informed about things to do and see here.

The inspiration for the resurrection of the paper came from one of our summer volunteers, Kim Bonewit. Kim's a retired college professor from Ohio, but is a Jamestown College graduate who has maintained his interest in North Dakota and Medora, and returns each summer to volunteer a week or two of his time. Kim will work with our Medora staff to provide content for the paper. We will hire an editor for the paper each summer, possibly a journalism student from one of our universities.

Medora has a proud history, and we are happy to be able to continue to provide our visitors a glimpse of that history. The *Bad Lands Cow Boy*, Generation 2, will help us do that.

## Find the Good Life in North Dakota

By Randy Hatzenbuehler, TRMF President

**O**ne of my good responsibilities outside of Medora is serving on the North Dakota Economic Development Foundation. When it was formed in 2001, its primary focus was to create new jobs within our state. Today, making sure the state has the workforce to meet the growing needs of North Dakota's robust economy is front and center. The Foundation has launched the "Find the Good Life in North Dakota" campaign which uses targeted marketing and event strategies to attract potential new residents to North Dakota for careers in engineering, healthcare, energy, skilled trades, transportation and information technology. That's marketing agency lingo for "we are excited to let the world know how wonderful North Dakota is, and there are great jobs here and an exceptional quality of life for those who choose to make this place their home."

Medora plays a role in the success of that campaign. Daily in Medora we meet people who are new North Dakotians. The Badlands, Bully Pulpit, the *Medora Musical* and the peaceful setting that is Medora almost always exceeds anything they imagined. It helps them "Find the Good Life in North Dakota." Research consistently shows that good jobs bring people to our great state; but it is the quality of life that will keep them here. Elsewhere in this newsletter, Bill Sorensen wrote about his experience with "Chicago Boyz" in Medora this summer – said another

way, he was just writing about the quality of life we enjoy in Medora and North Dakota.

"We're a state with great schools, friendly people, supportive and safe communities, arts and entertainment, tremendous outdoor recreation and, of course, great job opportunities," said Wally Goulet, chairman of the North Dakota Economic Development Foundation.

"In the end, our goal is to ensure our state has the workforce it needs to take full advantage of the opportunities we have all worked so hard to create and foster."

The campaign is also placing an emphasis on attracting veterans and active military transitioning to civilian life and employment. It is estimated that 250,000 service men and women will be exiting the armed forces in the coming years and the campaign will invite them to start their next career in North Dakota.

Why would I take space in the TRMF newsletter to write about "Find the Good Life" campaign? We like that it is targeting veterans and active military. North Dakota has good jobs for them. In Medora we are enjoying visitation growth because of the many new people who are calling North Dakota home. And finally, the campaign is promoting North Dakota – the same thing we have been doing for fifty years!

For more information on the program visit [www.findthegoodlifeinnorthdakota.com](http://www.findthegoodlifeinnorthdakota.com).



#1  
SB2042  
2.10.15

Reduced by the amount received by the taxpayer as retired military personnel ~~pay~~benefits,  
as including retired military personnel benefits paid to the surviving spouse of a deceased-a  
retired member of the armed forces of the United States or reserve components of the armed  
forces of the United States or the national guard or reserve components of the national guard, but  
only to the extent the amount was included in federal taxable income.

SENATE APPROPRIATIONS COMMITTEE

SB 2042

# 1  
SB 2042  
2-19-15

**Keith C. Magnusson**  
**On Behalf of the National Guard Association of North Dakota**

**We are here today in support of SB 2042 and ask for your favorable consideration.**

The National Guard Association of North Dakota (NGAND) is an officer association advocating for the well-being of the soldiers and airmen of the North Dakota National Guard and educating and promoting the well-being of our state and nation. NGAND is made up of both active guardsmen and retirees. As of October 1, 2014, membership consisted of 100% of the 137 air and 445 army active officers in the state, along with 239 retirees. We also are speaking for the 522 members of the Enlisted Association. Our parent organization is the National Guard Association of the United States (NGAUS).

Retirement is a broad subject that is much in the news and discussed nationally. "Baby Boomers" are retiring in droves! In just the publications that I receive, there are many articles on all aspects of retirement. Copies of a few of these are included with my testimony, as I will further discuss.

Taxation is often the focus of many articles, as retirees are concerned about where to live and be able to preserve their funds and way of life. Kiplinger's is one of the best at keeping retirees and those planning for retirement informed on many aspects of retirement, including taxation. Included is an article from *Kiplinger's Personal Finance* on the "Best and Worst States for Taxes." North Dakota is not among the ten best. Also included is an article from *Kiplinger's Retirement Report* called "Watch Out for the State Tax Bite." Please note that there are six states, including North Dakota, that offer no safe haven for retirement income.

Now on to the crux of SB 2042, which is taxation of military retired pay. Military Officers Association of America (MOAA), which actually used to be an organization for retired officers, annually publishes a "State Report Card" in its *Military Officer* magazine. This "Report Card" tracks state-level policies benefitting current, retired, and former servicemembers. Although it discusses other things besides taxation, I have included the entire current "Report Card" for your use. Military retirees and those planning for retirement look at such things as taxes when looking for a retirement home base. Even when I was on active duty many years ago, there was a joke that if you drove through Texas or Florida in the middle of the night, or had been stationed there, you could claim it as your residence and not pay state income tax. And many have!

SB 2042 is an interim bill recommended by the Government Services Committee. Legislative Council prepared the included compendium of "Income Tax Exemptions for Veterans' Retirement Compensation." The 35 states listed, as of June 2014, provided a complete or at least partial exemption for military retired pay. Add to the 35 states listed

as having some exemption, the seven states that have no broad-based state income tax, as footnoted in the report, and there are 42 states providing some exemption from taxation for military retired pay. This year, Nebraska will be added with a partial exemption, but it appears North Carolina will go the other way (presumably due to budget pressures).

Why should North Dakota exempt military retired pay from state income tax? I am speaking from the point of view of the National Guard Association, but the same arguments could apply to other reserve forces and active duty, especially when discussing economic development. Some things to consider are: recognition of career service, recruiting and retention, and economic development.

Recognition of career service. It is in the best interests of North Dakota and our country to have National Guard officers and enlisted make their service a career. Think about the next flood, tornado, or other natural disaster. We want the Guard well trained and well led at these crucial times. This only happens if they are inclined toward a career in the Guard, which often is at great sacrifice to their personal life, family, and civilian career. The National Guard is no longer just weekend drills and summer camp ("weekend warriors")! They have dual state and national roles and missions. Having everyone serve for a minimum number of years, and then get out, will not work. Then we lose the benefit of that valuable training and the leaders necessary to accomplish the mission. We need incentives to keep our valuable National Guard ready. In fact, we should go further than SB 2042 does and consider exempting from income tax the pay active Guard and Reserve members receive for such service as training, both active and inactive (drills).

Recruiting and Retention. MOAA recently published an online article, "Retention Trouble Looming?", which, while talking about active duty forces, can apply as well to reserve forces. The article actually is concerning both recruiting and retention, as is my preceding paragraph. Very troubling is that 17-24 year olds are ineligible for the military in frightening numbers. What does that mean for recruiting? The *Wall Street Journal* published an online article that has been picked up by other media across the country as it seemed to hit home in many places. That article, which is included, says that the "Defense Department estimates that 71% of the 34 million 17- to 24-year olds in the U.S. would fail to qualify to enlist in the military if they tried ... ." The article discusses this further. In North Dakota, this may be even more troubling, with our rate of obesity and alcohol use, and that percentage may be higher. The federal government is trying to reduce benefits and even drill pay. Then, what would be the incentive to stay, when the spouse and family say it is no longer worth it?

Economic Development. We should welcome military retirees to North Dakota, or back to this state. They spend money, have second careers, are well trained and educated, and will pay taxes on their other income, property, and purchases. In the bigger picture, this could more than make up for the cost of a tax exemption on retired pay. Ask your chamber executives what they think of this. "Find the Good Life in North Dakota is targeting military retirees and former military. SB 2042 is a tool they can use!"

# BEST AND WORST STATES FOR TAXES

**NO MATTER WHERE YOU RETIRE, YOU'LL** owe the same amount to Uncle Sam in federal taxes. But whether you stay put or relocate can have a significant impact on what you'll owe in state taxes.

If you're thinking of pulling up roots, compare the taxes in potential retirement states with those in your current state. Wherever you retire, you may be eligible for senior-related tax breaks on retirement income. (A state with no income tax is appealing, but don't forget about sales and property taxes.)

After analyzing the tax laws of the 50 states and the District of Columbia, we've come up with a list of the ten most and the ten least tax-friendly states for retirees. The map below offers a quick snapshot. For details on the tax rules in all the states, visit [kiplinger.com/links/retireetaxmap](http://kiplinger.com/links/retireetaxmap).

## RETIREMENT INCOME

Looking for a state that doesn't tax income? Try Alaska, Florida, Nevada, South Dakota, Texas, Washington or Wyoming. A couple of others, New Hampshire and Tennessee, tax only dividends and interest. But Tennessee exempts taxpayers 65 and older who have total annual income of \$33,000 or less for single filers (\$59,000 for joint filers). New Hampshire offers a \$1,200 exemption for taxpayers 65 and older.

Of the 41 states plus the District of Columbia that have a broad-based income

tax, most offer breaks to protect some (and, in a couple of cases, all) retirement income. The most generous states are Mississippi and Pennsylvania, which make all retirement income tax-free, including public and private pensions and distributions from retirement accounts, such as IRAs and 401(k)s.

Most other states allow retirees to exclude part of their retirement income. Georgia offers the largest such retirement-income exclusion, at \$65,000 for a taxpayer 65 or older (couples can shelter \$130,000). For a taxpayer age 62 to 64, the first \$35,000 of retirement income is tax-free. Kentucky allows exclusions of up to \$41,110 of military retirement pay, qualified private pensions, annuity income, and civil-service and state and local government pensions.

Six states offer no safe haven for retirement income: California, Minnesota, Nebraska, North Dakota, Rhode Island and Vermont. Connecticut excludes 50% of military retirement pay from tax, but it offers no other retirement-income breaks.

## SOCIAL SECURITY BENEFITS

States are pretty generous when it comes to Social Security. While Uncle Sam taxes up to 85% of your benefits, they're 100% tax-free in most states. Besides the nine states that don't have a broad-based income tax, 27 states and the District of Columbia grant Social Security benefits tax-free status.

The rest of the states tax Social Security to some extent. Rhode Island and West Virginia, for instance, tax benefits the same as the federal government does. Connecticut, Kansas and Missouri tax benefits when a taxpayer's income exceeds certain thresholds (which are above the federal levels). Some of the states, including New Mexico, allow benefits to qualify for a tax break under a broader retirement-income exclusion.

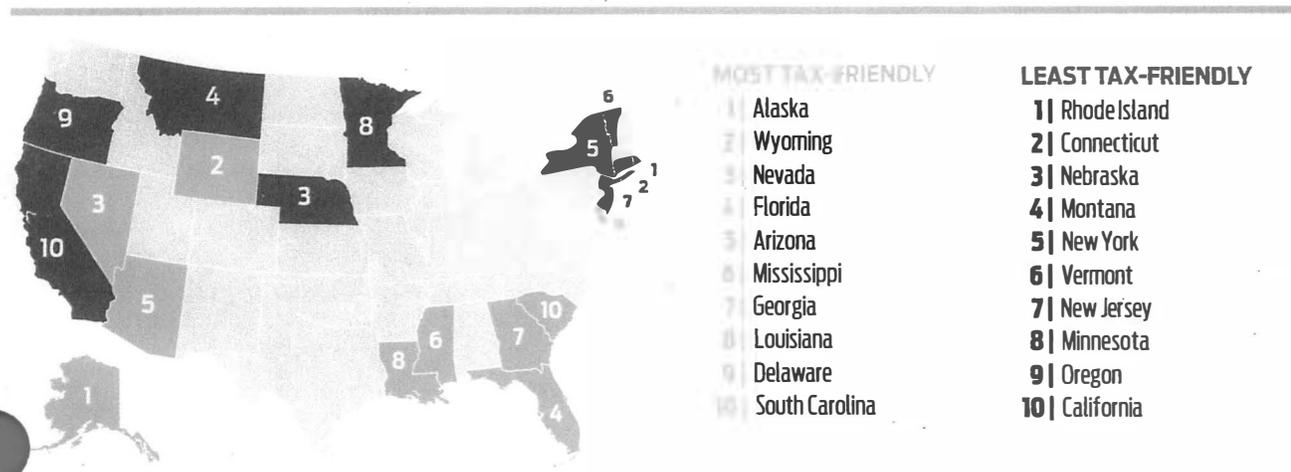
## ESTATE TAXES

Although many states don't impose estate or inheritance taxes (Indiana, Ohio and North Carolina repealed their death taxes as of 2013), 19 states and the District of Columbia have at least one or the other; Maryland and New Jersey impose both levies.

An estate tax hits the estate before assets are distributed, while an inheritance tax is paid by the heirs. Tennessee, which taxes estates of more than \$1.25 million, is phasing out its tax by 2016.

A key factor is how large an estate can be before triggering the tax. Often these exemptions are lower than the federal estate tax exemption, which for 2014 is \$5.34 million. For example, in New Jersey, the exemption is \$675,000.

In addition to an estate tax, Connecticut has a gift tax with a lifetime exclusion of \$2 million. Minnesota enacted a gift tax in 2013 but repealed it in March.



## Watch Out for the State Tax Bite

**T**AX PLANNING is a cornerstone of retirement planning. But by focusing on Uncle Sam, many retirees overlook the state-tax bite. States vary across the map on how they tax everything from retirement income to retail purchases. If you're thinking of relocating, be sure to know how potential retirement destinations compare with your current state when it comes to taxes.

Here we look at three primary categories: state tax treatment of pensions and retirement income, Social Security, and estates and inheritances. Other categories to consider are sales taxes and property taxes. You can get more information on all of these taxes by going online to Kiplinger's updated Retiree Tax Map ([kiplinger.com/links/retireetaxmap](http://kiplinger.com/links/retireetaxmap)).

You can click on a state to see its full tax profile. You also can sort the map based on certain categories, such as those states that have no income tax. By using the "compare" feature, you can select up to five states to see how they stack up to each other side by side.

### Pensions and Retirement Income

Retirement income of all kinds gets a pass in seven states. Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming have no state income tax.

Two states, New Hampshire and Tennessee, tax only dividends and interest, and both offer breaks to seniors. New Hampshire offers a \$1,200 exemption for taxpayers 65 and older. Tennessee exempts taxpayers over 65 who have total annual income of up to \$33,000 for single filers (\$59,000 for joint filers) from the tax on dividends and interest.

Of the 41 states, plus the District of Columbia, that have an income tax, eight have a flat tax, which imposes a single rate on all residents regardless of income. North Carolina is the newest convert to the flat tax, which kicks in this year; the state's flat income tax rate is 5.8% for 2014 and drops to 5.75% for 2015 and beyond. The other 33 states, plus the District, impose graduated tax rates, which tax households with higher incomes at a higher rate.

Most states offer some type of retirement-income exclusion, though some are more generous than others. Mississippi, for instance, exempts all retirement income, including public and private pensions and distributions from retirement accounts, such as IRAs and 401(k)s.

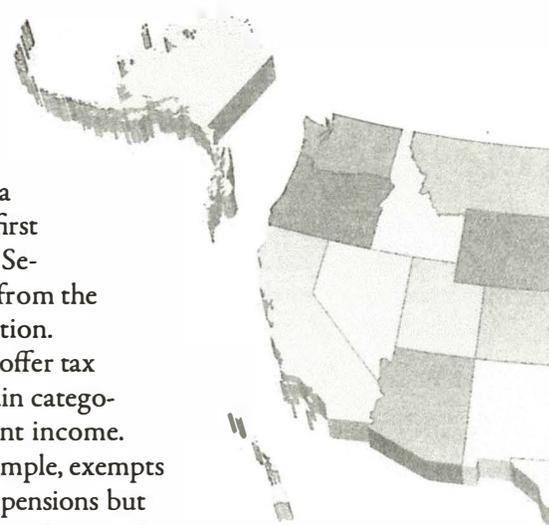
Other states exclude a set amount of retirement income from taxation. These amounts vary greatly, from a few hundred bucks to thousands of dollars. Georgia offers the largest retirement-income exclusion, at \$65,000 for a taxpayer 65 or older (couples can exclude \$130,000). Georgians who are ages 62 to 64 can exclude up to \$35,000 per taxpayer.

Pay close attention to the formula for the exclusion, which differs by state, too. Maine, which has increased its exclusion by \$4,000, lets seniors exclude up to \$10,000 of retirement income starting in 2014. The exclusion can be applied to pension income, annuity income and IRA distributions, but a taxpayer must first subtract Social Security benefits from the \$10,000 deduction.

Some states offer tax breaks on certain categories of retirement income. Kansas, for example, exempts in-state public pensions but taxes all private retirement income. Alabama excludes private pensions but taxes distributions from defined-contribution plans, such as 401(k)s.

Then there are those states that offer no safe haven for retirement income. This year North Carolina joins five other states that offer no breaks: California, Minnesota, North Dakota, Rhode Island and Vermont. (An extra hit: California imposes a 2.5% penalty for those who withdraw from a retirement plan before age 59½—in addition to the 10% federal penalty.)

Two states offer no general breaks on retirement income but do offer a break to military retirees. Connecticut excludes 50% of military retirement pay from tax. Starting in 2015, Nebraska will let military retirees choose to either exclude 40% of military retirement income for seven consecutive taxable years or to exclude 15% of that income for all taxable years starting the year they turn age 67.



## Social Security Benefits

While the federal government taxes up to 85% of Social Security benefits, the majority of states exclude Social Security from state income tax. Iowa is the newest member of that group—as of 2014, Iowa has completely phased out its state tax on Social Security benefits.

In addition to the nine states that don't have a broad-based income tax, Social Security benefits are free from state income taxes in Alabama, Arizona, Arkansas, California, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Virginia and Wisconsin. The District of Columbia also waives income tax on Social Security.

Of the remaining 13 states, Social Security benefits are taxable to some extent. Rhode Island and West Virginia, for instance,

tax benefits the same as the federal government does.

Connecticut, Kansas and Missouri tax benefits when a taxpayer's income exceeds certain thresholds that are higher than the federal threshold. As of 2015, Nebraska, which now taxes benefits

the way Uncle Sam does,

joins this group. Starting next year, Nebraskans whose adjusted gross income is \$58,000 or less if married filing jointly, or \$43,000 or less for all other filers, will avoid having to pay state income tax on Social Security.

Some of these states allow benefits to qualify for a tax break under its retirement-income exclusion. New Mexico, for example, lets a retiree protect otherwise taxable benefits under its \$8,000 exclusion.

## Estate and Inheritance Taxes

The majority of states do not impose estate tax or inheritance tax. But 17 states and the District of Columbia have one or the other, and two states—Maryland and New Jersey—impose both levies. An estate tax hits the estate before assets are distributed, while an inheri-

tance tax is paid by the heirs. Tennessee, which calls its tax an inheritance tax, imposes a tax on estates of more than \$2 million in 2014; the exemption rises to \$5 million in 2015, and the tax is eliminated in 2016.

Generally, state estate-tax rates are graduated up to 16% on the largest estates. That compares with the 40% federal estate-tax rate. But estate-tax exemptions in some states are lower than the federal estate-tax exemption, which for 2014 is \$5.34 million. In Minnesota, for instance, estates larger than \$1.2 million are subject to state estate tax in 2014, gradually rising to \$2 million by 2018. In New Jersey, the exemption is \$675,000. In both cases, an estate that could be exempt from federal estate taxes could end up with a state tax tab.

A couple of states are gradually closing that gap starting this year and next. New York, whose estate-tax exemption had been \$1 million, raised it to \$2,062,500 as of April 1, 2014, and will gradually raise it until January 2019, when it's set to match the federal exemption in effect that year. Beginning in 2015, Maryland will raise its current \$1 million exemption to \$1.5 million. Its exemption will also gradually rise to eventually match the federal exemption by 2019.

The gift tax remains standing in only one state: Connecticut. Its gift tax kicks in after a \$2 million lifetime exclusion. After implementing a gift tax last summer, Minnesota repealed it this year and retroactively for last year. **K** —RACHEL L. SHEEDY

## Impact of State Tax Tab

State taxes can make a big impact on those who want to convert money from a traditional IRA to a Roth IRA but who may relocate in retirement.

Let's say you plan to convert \$25,000, and you live in Oregon and are subject to the state's top tax rate of 9.9%. In addition to federal tax, you'd owe state tax of \$2,475 on the Roth conversion. If you retire to, say, North Carolina in 2015, you would owe \$1,438 at the state's flat tax rate of 5.75%. If instead you moved to Texas, a no-income-tax state, you would owe zero in state tax.

Delaying a conversion until retiring to the Tar Heel State or the Lone Star State would pay off by one or two thousand dollars. On the flip side, move from Texas to Oregon, and you'd be better off doing the conversion before departing the tax-friendlier state.

**MOAA**

State-by-State  
Assessment



# State Report Card

for military families, veterans, and retirees

**F**

**OR THE THIRD YEAR RUNNING,** MOAA presents its annual State Report Card, a special magazine section tracking state-level policies across the nation benefiting current, retired, and former servicemembers and their families. Read more to find out whether your state is military-friendly — and get ideas for how you can make a difference with state-level activism.

Chart data compiled by  
MOAA's Karen Golden and  
Cmdr. William Finch, USN (Ret)

# The Benefits of Being Military-Friendly

By Heidi Lynn Russell

**WHY SHOULD A STATE BE “MILITARY-FRIENDLY”?** Other than for moral reasons (e.g., supporting those who selflessly serve the country), a revenue stream, derived from capturing separating servicemembers in the civilian workforce, is a key benefit. Plus, the state’s educational institutions

and high-tech corporations have greater access to a strong talent pool — servicemembers with leadership skills and military training. Additionally, a pro-veteran stance demonstrates a state’s worthiness of keeping any military installation safe from base realignment and closure (BRAC).

Here are three states that used pro-veteran programs and policies not only to benefit their military population but also to help solve their economic challenges.

## Iowa

Iowa is small (with 3 million people) compared to other Midwestern

states, and it has been plagued with a high unemployment rate and government deficits. To grow, the state needed to attract and retain a skilled and trained workforce, says Debi Durham, director of the Iowa Economic Development Authority.

To accomplish this, Maj. Gen. Tim Orr, the adjutant general of the Iowa National Guard, who was aware of upcoming troop draw-downs, suggested to Gov. Terry Branstad that Iowa do something to get ahead of the curve and attract exiting veterans to the state.

In November 2013, Branstad formally announced the Home Base

Iowa initiative, a private-public partnership that would match veterans with jobs available across Iowa and connect employers and veterans via [www.homebaseiowa.org](http://www.homebaseiowa.org).

In April, Branstad and Lt. Gov. Kim Reynolds met with MOAA President Vice Adm. Norbert R. Ryan Jr., USN (Ret), and other MOAA staff members to discuss the initiative, and, on Memorial Day 2014, Branstad signed the Home Base Iowa Act into law.

“It’s the governor’s goal to be the friendliest state in the country,” Durham says.

Doing so could protect Iowa and its neighbors from BRAC. “We have Rock Island Arsenal in Illinois on the border,” she says. “We see a direct benefit to having them there. We believe that the more we can build up Guard units and the veteran talent pool, the more it helps set us apart. We are always watchful of BRAC and very proactive in making a case of the value we bring to the country.”

## Massachusetts

The Boston area alone is home to more than 60 colleges and universities, including the Massachusetts Institute of Technology. High-tech defense corporations, like Raytheon and The MITRE Corp., are in Massachusetts. Additionally, the state has six military bases that employ more than 46,500 people, partner with local businesses and schools, and have an annual economic impact (revenue) of \$14.2 billion on local communities. To marry the efforts of educational institutions, cutting-edge technological corporations, and defense installations with the interests of veterans, the state focused on cross talk.

“[Cross talk] is a skill most leadership in the military understands,” says Maj. Paul Cancelliere, USA (Ret), treasurer of MOAA’s Paul Revere Chapter, who led an effort to improve Massachusetts’ policies affecting veterans. “It’s a skill that occurs at all levels. You identify in the corporate or commercial space who are your influencers [and] who are your sponsors.”

To get people “cross-talking,” Cancelliere presented a bipartisan package of ideas from MOAA and DoD to Coleman Nee, the state secretary of veterans’ services. “It was a matter of good timing,” Cancelliere says. “I’d never met him before in my life, and he had a direct line to the governor. He is very astute at building relationships and has done a fantastic job.”

In addition, former Lt. Gov. Timothy P. Murray (who now leads the Worcester Regional Chamber of Commerce) launched the Military Asset and Security Strategy Task

Force, a coalition that connects the dots between the military and leaders of industry, academia, nonprofit groups, quasi-public agencies, and government.

Murray “understood how to build interest within a community and interest within a commonwealth and within a region,” Cancelliere says. “He does it very easily. It sounds simple, but it’s difficult to execute.”

## Virginia

A stream of exiting servicemembers are on the fence about making Virginia their permanent home — but, if they stay, it means a significant

revenue stream for the state and local municipalities, say MOAA Virginia Council of Chapters (VCOC) President Col. Victoria Revilla, USA (Ret), and 3rd Vice Chair Col. Stuart Williams, USA (Ret).

“There are different private organizations around the capital area that are in the defense-support business and in manufacturing,” says Revilla. “A lot of people look toward staying in the area to get those high-level executive positions with those companies.”

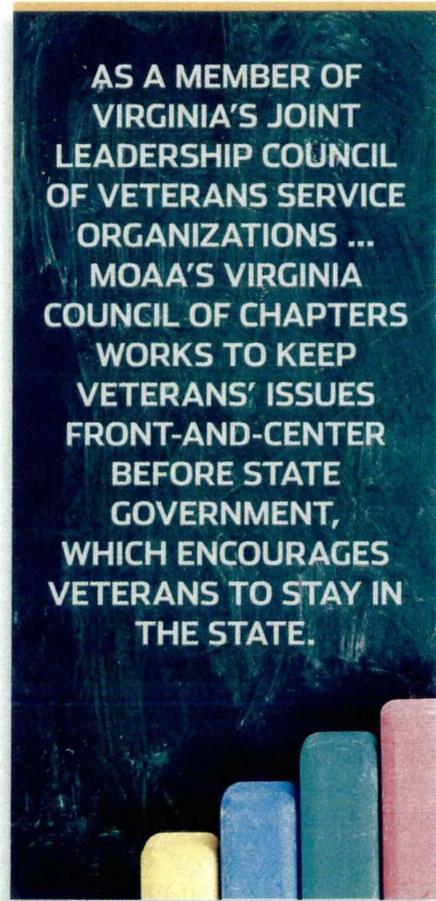
As a member of Virginia’s Joint Leadership Council of Veterans Service Organizations, whose mission is to advise and assist the governor and the state Department of Veteran Services on issues of importance to veterans, the VCOC works to keep veterans’ issues front-and-center before state government, which encourages veterans to stay in the state.

“We would be in a pretty tough position” without the cohesiveness of Virginia’s Joint Leadership Council, Williams says.

Virginia has 40 state senators and 100 lawmakers in the House of Delegates. MOAA has members in 35 Senate districts and about 75 of the delegate districts, Williams says. Appointed members liaise with lawmakers heavily. “We all go to Richmond in January and call on every one of them to work on objectives,” he says.

Revilla says, “A key reason we’re able to move so quickly on issues in Virginia is due to that relationship between MOAA and the legislators.”

— Heidi Lynn Russell is a freelance writer based in Kentucky. Her last feature article for Military Officer was “Veterans Welcome,” May 2014.



AS A MEMBER OF  
VIRGINIA'S JOINT  
LEADERSHIP COUNCIL  
OF VETERANS SERVICE  
ORGANIZATIONS ...  
MOAA'S VIRGINIA  
COUNCIL OF CHAPTERS  
WORKS TO KEEP  
VETERANS' ISSUES  
FRONT-AND-CENTER  
BEFORE STATE  
GOVERNMENT,  
WHICH ENCOURAGES  
VETERANS TO STAY IN  
THE STATE.

# Veteran & Retiree Benefits Criteria



### **Military Retirement Pay Exempt From State Taxation:**

Some states allow military retirees to exempt a specific amount, a percentage, or full military retired pay from taxation.

Most states determine what income is subject to taxation based on a filer's federal tax return. Retirees who entered the military before Sept. 24, 1975, and members receiving disability retirement based on combat injuries or who could receive disability payments from the VA are covered by laws giving disability broad exemption from federal income tax. Spouses also might be able to receive exemptions for their survivor benefits.

Most military retired pay based on service-related disabilities is exempt from federal income taxation, but there is no guarantee of protection. Consult a tax expert in your state regarding your specific situation.

*Green* indicates military retired pay is exempt (or mostly exempt) from state taxation.

*Yellow* indicates a limited or conditional tax exemption.

*Red* indicates no exemption or a very limited exemption.

**Property Tax Exemptions:** The chart considers only realty property tax exemptions. In most states, municipalities levy a property tax in addition to any state-levied property tax. In some states, property taxes are left solely to counties or municipalities. Exemptions may be available to all state residents and not solely available to veterans. Color assignments are subjective.

*Green* indicates 1) exemptions available for veterans only, regardless of age or income, or 2) partial exemptions for less-than-100-percent

disabled veterans or total exemptions for 100 percent/totally disabled.

*Yellow* indicates 1) exemptions available for seniors or 2) partial exemptions for disabled veterans.

*Red* indicates no exemption or a very limited exemption.

### **In-State Tuition for Nonresident**

**Veterans:** The Veterans Access, Choice, and Accountability Act of 2014 requires public colleges receiving GI bill education payments to provide in-state tuition to veterans and eligible dependents, effective fall 2015.

### **Veteran Status on Driver's License/State ID:**

All but two states have passed legislation adding veteran's designation to driver's licenses and state ID cards, enabling veterans to prove their status (e.g., for veteran's discounts) without discharge papers.



# Blue Skies of Texas

SENIOR LIVING IN THE TRADITION  
OF AIR FORCE VILLAGE

## Sky-high possibilities.

As retired officers, we have long prized our lifestyle, and today we can invite our retired civilian friends and neighbors to join us. Featuring a rich array of services and amenities, two residential campuses, life care for cost management and peace of mind, a complete continuum of care, and an absolutely amazing variety of fascinating residents, we're Blue Skies of Texas – heritage-rich, future-focused senior living in the tradition of Air Force Village.

*For the senior looking to get a little more out of retirement, it's simple. Look up and soar.*

**1.888.818.3362**  
[BlueSkiesOfTexas.org](http://BlueSkiesOfTexas.org)

Blue Skies of Texas  
5100 John D. Ryan Blvd. | San Antonio, TX 78245



# Veteran & Retiree Benefits

THE STATE POLICIES PRESENTED ON THE CHART BELOW generally benefit servicemembers who have separated or retired from the military. See “Veteran & Retiree Benefits Criteria,” previous page, for an explanation of each category.



## Symbols

-  GAIN
-  LIMITED/CONDITIONAL
-  YES
-  ADDITIONAL NOTES
-  NO/MINIMAL

ALABAMA  
ALASKA  
ARIZONA  
ARKANSAS  
CALIFORNIA  
COLORADO  
CONNECTICUT  
D.C.  
DELAWARE  
FLORIDA  
GEORGIA  
HAWAII  
IDAHO  
ILLINOIS  
INDIANA  
IOWA  
KANSAS  
KENTUCKY  
LOUISIANA  
MAINE

	ALABAMA	ALASKA	ARIZONA	ARKANSAS	CALIFORNIA	COLORADO	CONNECTICUT	D.C.	DELAWARE	FLORIDA	GEORGIA	HAWAII	IDAHO	ILLINOIS	INDIANA	IOWA	KANSAS	KENTUCKY	LOUISIANA	MAINE
RETIREMENT/SBP TAX EXEMPTION																				
PROPERTY TAXES for All Veterans																				
for Disabled Veterans																				
IN-STATE TUITION																				
VETERAN STATUS ON LICENSE/ID																				

## ○ ADDITIONAL NOTES

Policies vary widely from state to state. Some specific factors to be aware of are highlighted below. However, it's important to weigh the benefits of each state's practices in light of your personal financial situation.

**Colorado:** First \$20,000 or \$24,000 of Social Security and other retirement income exempt for age 55 or 65 and older

**Connecticut:** 50 percent of military retired pay exempt

**Delaware:** State ID card

**Georgia:** \$35,000 exempt, ages 60-64 or totally disabled; \$65,000 exempt age 65 and older

**Idaho:** \$30,000-\$45,000 retired pay deduction, reduced by Social Security, for age 65 and up (age 62 if disabled)

**Illinois:** Effective July 2015

**Iowa:** Military retired pay and SBP exempt retroactive to Jan. 1, 2014

**Kentucky:** Retirement pay earned before Jan. 1, 1998, is exempt; pay for service after 1997 and other retirement income qualifies for a \$41,110 tax exclusion

**Missouri:** 75 percent of military retirement pay exempt as of Jan. 1, 2014; deduction increases 15 percent-age points annually, with all military pension income exempt Jan. 1, 2016

**New Jersey:** Effective March 2015

**North Carolina:** Retired pay and SBP exempt with five years' credible service before Aug. 12, 1989; others allowed a \$4,000 deduction

**Oklahoma:** Greater of 75 percent or \$10,000 of military retired pay exempted

**Oregon:** Retirees and surviving spouses may be able to exempt pay due to service prior to Oct. 1, 1991

**Virginia:** State ID card

**Washington:** Effective 2017

**West Virginia:** \$2,000 exempt, additional exemption up to \$20,000



State laws are subject to change; contact your state's department of veterans affairs for up-to-date information.

# Currently Serving Family Benefits

**THESE POLICIES AND PROGRAMS** generally benefit currently serving military members and their families. Learn more about legislative successes in “Education Gains,” facing page.

**Servicemember Credit Toward State Licensure/Certification for Military Training:**

To date, 46 states have passed legislation counting military education, training, and experience toward professional licensure and certification requirements. Veterans in these states can show licensing boards and academic institutions their transcripts of military service issued by DoD when they apply for professional licenses or certification.

**Portability for Military Spouse Licensure:**

Because licensing requirements can vary widely between states, PCS moves can inhibit career development of military spouses in professions requiring licensure. To date, 47 states have adopted legislation to ease this problem. Certain professions such as teaching, law,



- ALABAMA
- ALASKA
- ARIZONA
- ARKANSAS
- CALIFORNIA
- COLORADO
- CONNECTICUT
- D.C.
- DELAWARE
- FLORIDA
- GEORGIA
- HAWAII
- IDAHO
- ILLINOIS
- INDIANA
- IOWA
- KANSAS
- KENTUCKY
- LOUISIANA
- MAINE

**SERVICEMEMBER**  
State License Credit/Military Training



**SPOUSE**  
Portable State License

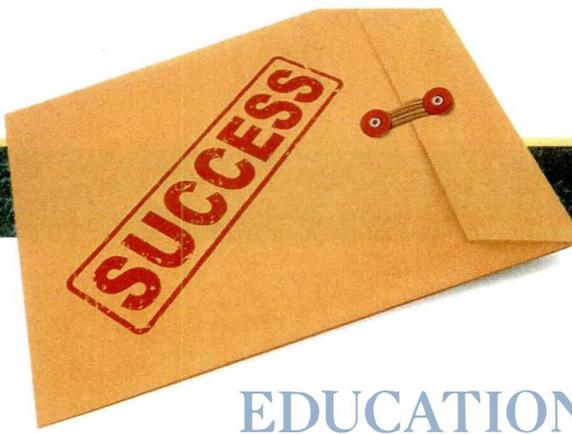


**SPOUSE**  
Unemployment



**CHILD**  
Interstate Compact





and others might not be covered in many states, so be sure to check your state's provisions.

**Unemployment Compensation for Military Spouses:** Military spouses often must quit their jobs to follow their military sponsors. Forty-six states now permit military spouses in this situation to receive unemployment compensation while seeking work at their new duty stations.

**Interstate Compact on Educational Opportunity for Military Children:** Now adopted in all 50 states, the compact helps military children overcome educational challenges associated with frequent interstate moves. States that participate follow common guidelines when handling issues such as records transfer, class placement, and graduation requirements.

## EDUCATION GAINS

**Servicemembers and their families** will face fewer education challenges thanks to two recent policy decisions.

On Aug. 7, President Barack Obama signed the Veterans Access, Choice, and Accountability Act, which includes a provision that grants to recent veterans in every state in-state tuition at any public college or university receiving federal funding through the Post-9/11 GI Bill. The law takes effect July 1, 2015, and applies to veterans who have served at least 90 days of active duty service to pay resident tuition rates in any state within three years of leaving the military. It also covers spouses and dependent children of veterans meeting certain criteria.

On Aug. 18, New York became the 50th state to sign the Interstate Compact on Educational Opportunity for Military Children.

### Symbols

-  GAIN
-  LIMITED/CONDITIONAL
-  YES
-  NO/MINIMAL



State laws are subject to change; contact your state's department of veterans affairs for up-to-date information.

# MOAA

## State by-State Assessment

tary Children. The compact helps to alleviate some of the challenges — class placement, records transfer, immunization requirements, graduation requirements, exit testing, and extracurricular opportunities — military children face when transitioning between schools.

Both issues have been the focus of the DoD-State Liaison Office (DSLO), which has eight state liaisons across the country dedicated to educating state policymakers and other key stakeholders about the challenges and issues faced by servicemembers and their families. MOAA councils and chapters and other organizations often work in partnership with the DSLO to advance these state-level initiatives.

“These educational initiatives are much like the other issues DSLO works, in that the desired outcome alleviates barriers for servicemembers [and] recent veterans and their families that are associated with the demands of military life,” says Marcus Beauregard, chief, DSLO.

“MILITARY CHILDREN AND SEPARATING SERVICEMEMBERS FIND THEMSELVES IN CIRCUMSTANCES NOT NECESSARILY OF THEIR CHOOSING, AND THE [EDUCATION INITIATIVES] HELP LEVEL THE PLAYING FIELD FOR THEM.”

— Marcus Beauregard,  
chief, DoD-State  
Liaison Office



## LAS VENTANAS

AT SUMMERLIN  
AN ABHAW MANAGED COMMUNITY

*“I have more of a social life here than I ever did living by myself in a big house.”*

— Jeanett Kelly

**Call 1 (888) 298-1185**  
to schedule your personal tour today!

Active Adult Living | Assisted Living | Skilled Nursing

10401 West Charleston Boulevard  
Las Vegas, NV 89135 | [www.lasventanaslv.com](http://www.lasventanaslv.com)





## **Master of Business** *for* **Veterans**



### **Equipping military leaders for success in business**

The USC Marshall School of Business Master of Business for Veterans (MBV) is a one year master's degree in business created specifically for military veterans, active-duty and reserve personnel. The 1-year (2-semester) accelerated degree offers unique knowledge and world-class networks needed to succeed in today's business environment.

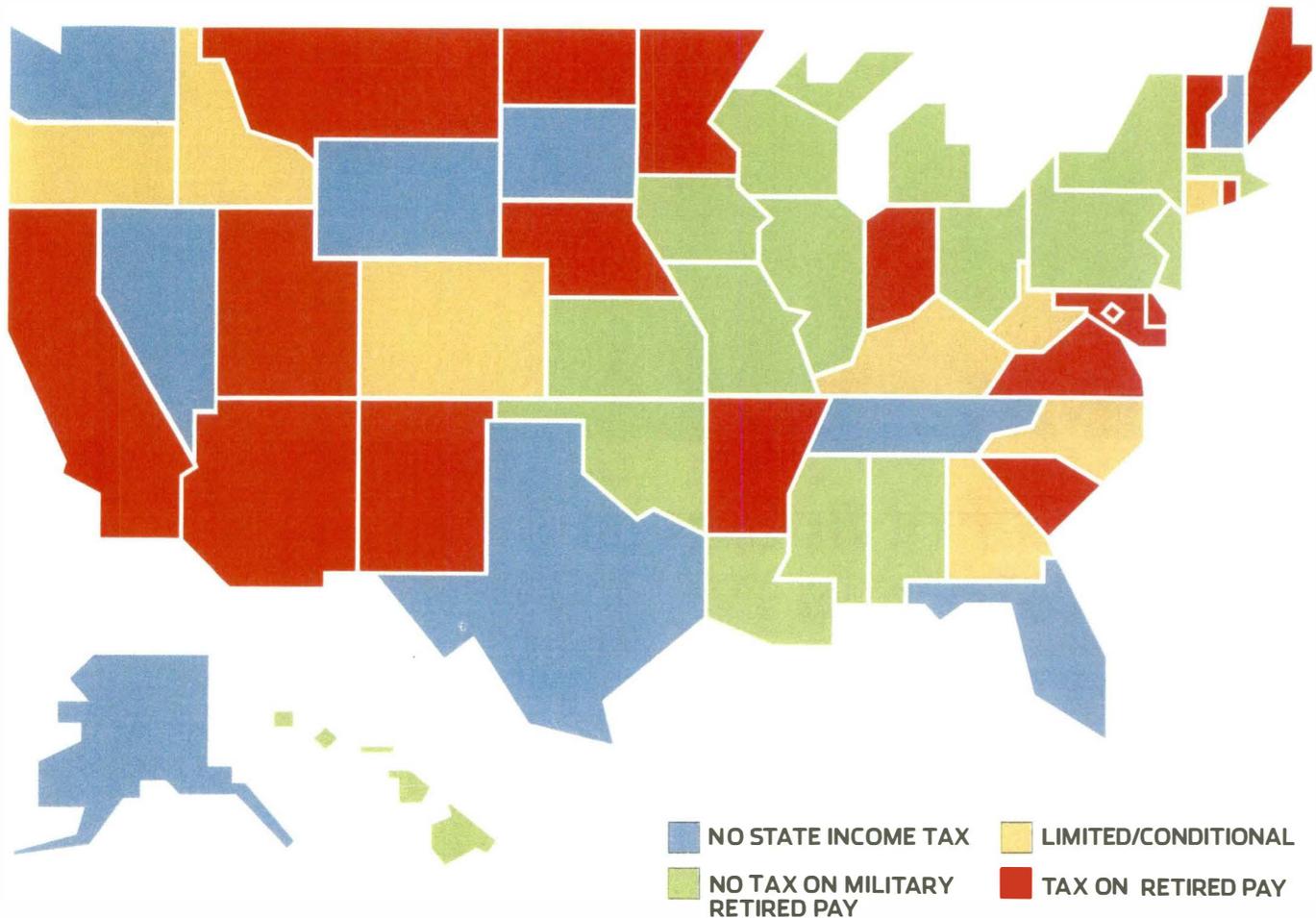
For immediate program details go to:

**[marshall.usc.edu/mbv](http://marshall.usc.edu/mbv)**

or call (213) 740-8990

**USC Marshall**  
School of Business

## TAXATION OF MILITARY RETIRED PAY



### Military Retirement Pay Exempt From State Taxes:

Some states allow military retirees to exempt a specific amount, a percentage, or full military retired pay from state income taxation. Note that Tennessee and New Hampshire tax only dividend and interest income, while Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming have no state income tax. (These states are indicated in blue above.)

Veterans also might receive exemptions for disability pay, and spouses might be able to receive exemptions for their survivor benefits. MO

### Publisher's Advertising Representatives

James G. Elliott Co. Inc.

New York: (212) 588-9200

Chicago: (312) 236-4900

Los Angeles: (213) 624-0900

Contents of *Military Officer* articles are the opinions solely of the authors and do not necessarily express the policy or opinions of the publisher. Similarly, the advertisements do not reflect an endorsement by the association unless so indicated. *Military Officer* is a registered trademark of MOAA. Printed in the USA.

The information in this guide is, to the best of our knowledge, correct as of Oct. 1, 2014.

## INCOME TAX EXEMPTIONS FOR VETERANS' RETIREMENT COMPENSATION

This memorandum provides information regarding income tax exemptions in other states for veterans' retirement compensation. The schedule below identifies which states exempt veterans' retirement compensation from income taxes and the amount of the exemptions.

State <sup>1</sup>	Income Tax Exemption for Veterans' Retirement Compensation	Amount of Exemption
Alabama	Yes	100 percent
Arizona	Yes	Up to \$2,500
Arkansas	Yes	Up to \$6,000
California	No	-
Colorado	Yes	Up to \$24,000
Connecticut	Yes	50 percent
Delaware	Yes	Up to \$2,000 for persons under age 60; up to \$12,500 for persons age 60 and older
Georgia	Yes	Up to \$35,000
Hawaii	Yes	100 percent
Idaho	Yes	Up to \$30,156 if single; up to \$45,234 if married filing jointly
Illinois	Yes	100 percent
Indiana	Yes	Up to \$5,000
Iowa	Yes	Up to \$6,000
Kansas	Yes	100 percent
Kentucky	Yes	State calculation - The total annual government retirement payments are multiplied by a fraction, determined using the number of full or partial years of service after January 1, 1998, divided by the total number of full or partial years of service
Louisiana	Yes	100 percent
Maine	Yes	Up to \$6,000
Maryland	Yes	Up to \$5,000
Massachusetts	Yes	100 percent
Michigan	Yes	100 percent
Minnesota	No	-
Mississippi	Yes	100 percent
Missouri	Yes	75 percent
Montana	Yes	Up to \$3,600
Nebraska	No	-
New Hampshire	Yes	100 percent
New Jersey	Yes	100 percent
New Mexico	No	-
New York	Yes	100 percent
North Carolina	Yes	For persons with five years of service as of August 12, 1989, 100 percent of military retirement pay is exempt; up to \$4,000 exempt for other persons
North Dakota	No	-
Ohio	Yes	100 percent
Oklahoma	Yes	Greater of 75 percent or \$10,000
Oregon	Yes	9 percent credit
Pennsylvania	Yes	100 percent
Rhode Island	No	-

State <sup>1</sup>	Income Tax Exemption for Veterans' Retirement Compensation	Amount of Exemption
South Carolina	Yes	Up to \$3,000 for persons under age 65; up to \$10,000 for persons age 65 and older; National Guard and reserve components pension and retirement income is 100 percent exempt
Tennessee	Yes	100 percent
Utah	No	-
Vermont	No	-
Virginia	Yes	100 percent for persons awarded the Congressional Medal of Honor
West Virginia	Yes	Up to \$22,000
Wisconsin	Yes	100 percent

<sup>1</sup>Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not collect personal income taxes.



Join Now Login

[Home](#) | [eNewsletters](#) | [Contact Us](#)

Search MOAA



[Take Action](#) | [Access Member Benefits](#) | [Connect with MOAA](#) | [Chapters](#) | [Publications](#) | [Media Center](#) | [About MOAA](#)

# Retention Trouble Looming?

Text Size ShareThis Print

October 31, 2014

Senior Army leaders and some members of Congress are beginning to express concern that a confluence of factors could seriously hamper recruiting and retention in the coming years.

The services have routinely met or exceeded recruiting and retention goals over the past decade, but the current drawdown may be masking a growing problem.

Recent history illustrates some of the potential impacts that a drawdown and compensation cuts can have on recruiting and retention.

During the last major drawdown in the 1990s, the services significantly reduced their recruiting and retention goals which in turn made it easier for them to achieve them. But years of military pay caps created a 13.5 percent pay gap with the private sector, out-of-pocket housings costs rose to 18 percent and REDUX cut retired pay by 25 percent.

By the late 1990s these cuts coupled with a booming economy led the services to experience serious difficulties attracting and retaining the quality personnel that they needed. To meet their needs the services were forced to use expensive bonuses, and Congress eventually responded to the crisis by reversing compensation cuts.

The services may now be repeating this dangerous mistake. In a typical year the Army fills almost half of its annual recruiting needs through the Delayed Entry Program (DEP), but in 2015 only 30 percent of recruiting needs will be filled through DEP.

According to Maj Gen Allen Batschelet, commanding general of US Army Recruiting Command, 40 percent of Army recruits never finish their first term. About 15 percent of enlistees fail to make it through initial-entry training, and another 25 percent leave the service during their first permanent duty assignment.

A growing economy, continued military pay and compensation cuts, retirement reform, increasing operational tempo with a smaller force, the perception of limited career prospects, and other societal changes may challenge the Army's ability to recruit and retain the best and brightest servicemembers.

The return of sequestration in FY 2016 would force even deeper cuts. MOAA will continue to educate members of Congress on the need to maintain parity with the private sector to avoid harming recruiting and retention in the future.

## Why Should You Join?

MOAA members have access to services specifically designed for them.



[Serving in Uniform](#) | [Retired Still Working](#) | [Spouse & Family](#) | [Enjoying Retirement](#) | [Survivors](#)

[Home](#) | [About Us](#) | [Contact Us](#) | [Privacy Policy](#)

Connect with us



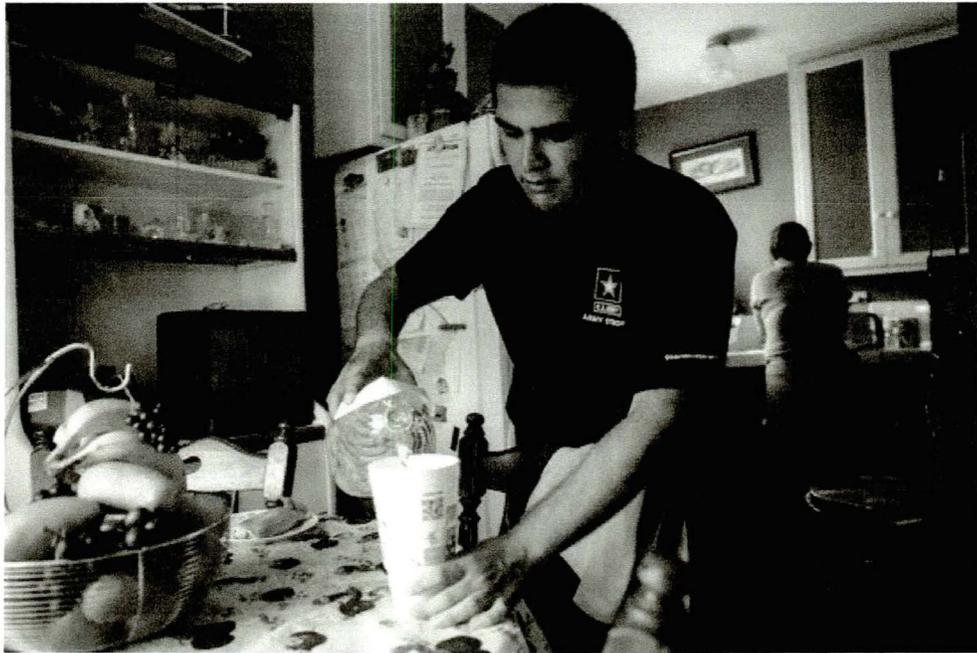
© Copyright 2014 Military Officers Association of America  
MOAA is the nation's largest and most influential association of military officers.  
It is an independent, nonprofit, politically nonpartisan organization.

201 N. Washington St., Alexandria, Va. 22314  
(800) 234-6622

Recruits' Ineligibility Tests the Military  
More Than Two-Thirds of American Youth Wouldn't Qualify for Service, Pentagon Says

By MIRIAM JORDAN

June 27, 2014 6:59 p.m. ET



David Monzon, who lost over a hundred pounds and plans to join the Army, pours a cup of water after jogging near his home in Los Angeles. *Patrick T. Fallon for The Wall Street Journal*

More than two-thirds of America's youth would fail to qualify for military service because of physical, behavioral or educational shortcomings, posing challenges to building the next generation of soldiers even as the U.S. draws down troops from conflict zones.

The military deems many youngsters ineligible due to obesity, lack of a high-school diploma, felony convictions and prescription-drug use for attention-deficit hyperactivity disorder. But others are now also running afoul of standards for appearance amid the growing popularity of large-scale tattoos and devices called ear gauges that create large holes in earlobes.



Brittany Crippen, from Fort Worth, Texas, was disqualified because of a tattoo on the back of her neck. *Mei-Chun Jau for The Wall Street Journal*

A few weeks ago, Brittany Crippen said she tried to enlist in the Army, only to learn that a tattoo of a fish on the back of her neck disqualified her. Determined to join, the 19-year-old college student visited a second recruiting center in the Dallas-Fort Worth area and was rejected again.

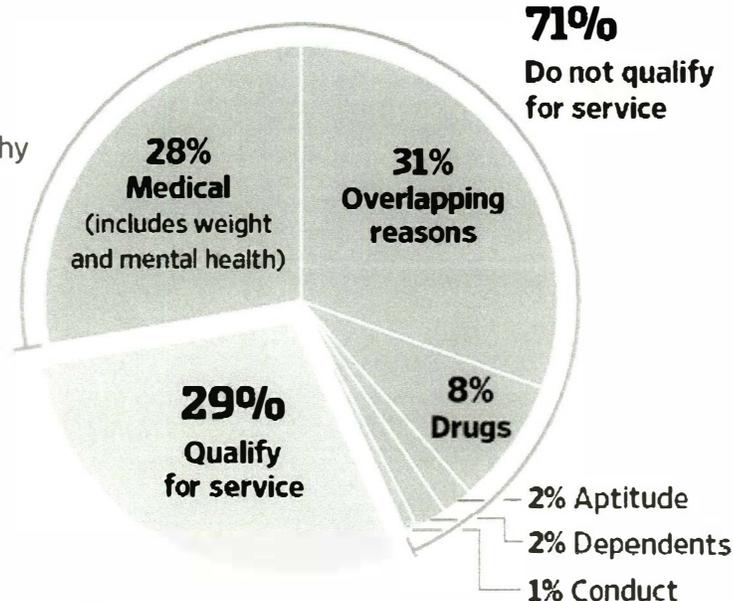
Apologetic recruiters encouraged her to return after removing the tattoo, a process she was told would take about year. "I was very upset," Ms. Crippen said.

The military services don't keep figures on how many people they turn away. But the Defense Department estimates 71% of the roughly 34 million 17- to 24-year-olds in the U.S. would fail to qualify to enlist in the military if they tried, a figure that doesn't even include those turned away for tattoos or other cosmetic issues. Meanwhile, only about 1% of youths are both "eligible and inclined to have a conversation with us" about

military service, according to Major Gen. Allen Batschelet, commanding general of U.S. Army Recruiting Command.

## Turned Away

Pentagon estimates for why 17- to 24-year-olds wouldn't qualify for the military, excluding cosmetic reasons.



Note: Figures don't add up to 100 due to rounding

Source: Department of Defense, QMA Study 2013

## U.S. Army's enlistment requirements\*

- Between 17 (with parental consent) and 34 years of age
- Scored a minimum of 33 out of 99 on Armed Forces Qualification Test, which assesses English, math, science and cognitive skills
- No felony convictions
- No persistent illegal drug use
- No insulin-dependent diabetics
- Meet height/weight standards for age group
- U.S. citizen or foreign national with legal status
- No tattoos on fingers, neck or face
- No ear gauges
- No ADHD medication in past 12 months
- High school diploma or GED with some college credits

Doesn't include all requirements, and some can be waived at the Army's discretion.

The Wall Street Journal

Comparable data aren't available for earlier years because the Pentagon began tracking eligibility only recently. But experts said seniors graduating from high school this year face the longest odds to qualify for military service since the draft was abolished in 1973.

"The quality of people willing to serve has been declining rapidly," said Gen. Batschelet.

Each year, about 180,000 young men and women successfully volunteer for America's active-duty forces. An additional 110,000 join the services' reserve and National Guard units. Individual services manage their own recruiting and have the authority to grant waivers to applicants who don't meet broad standards.

When the military faced escalating foreign engagement in recent years, recruiting standards were loosened: In 2007, only 79% of those who enlisted in the Army had completed high school, compared with 90% in 2001, while the Army also accepted recruits with more excess body fat during the height of the Iraq war.

"We have not adopted a zero-defect mentality. We evaluate each applicant from a whole-person perspective," said Nathan Christensen, a Defense Department spokesman, who added that military services have been meeting their recruiting targets in recent years.

To some degree, that has been aided by enlistment bonuses. From 2000 to 2008, the Defense budget for enlistment bonuses more than doubled to \$625 million, and it jumped more than 50% to \$1.4 billion for selective re-enlistment bonuses, according to a Rand Corp. analysis.

Obesity, the single biggest reason for disqualifying new recruits, and other obstacles, such as poor educational attainment, led 90 retired military leaders in 2009 to form Mission: Readiness, a nonprofit aimed at raising awareness and seeking solutions. The group has lobbied state and federal officials to improve nutrition in schools and expand access to early education.

"We're trying to make decision makers see this is a national-security matter—and they need to prioritize it," said retired Major Gen. Allen Youngman. In the past, he said, "a drill sergeant could literally run the weight off a soldier as part of the regular training program," but now, "we have young people showing up at the recruiter's office who want to serve but are 50 or more pounds overweight."

About a quarter of high-school graduates also can't pass the Armed Forces Qualification Test, which measures math and reading skills, Gen. Youngman said. "They aren't educationally qualified to join the military in any capacity, not just the high-tech jobs," he said.

U.S. Army First Sgt. James Sawyer, who heads recruiting across a swath of Los Angeles County, said tattoos have become the most common cosmetic reason that applicants are disqualified. The Army already banned tattoos on the face, neck and fingers, but according to regulations in effect May 1, soldiers also can't have more than a total of four visible tattoos below the elbows and knees, and tattoos must be relatively small. The goal of the tattoo rules is to maintain a professional-looking Army, Sgt. Sawyer said. He added that "the average person in California has a tattoo."

Gabby Guillen, director of tattoo removal at Homeboy Industries, a Los Angeles nonprofit that provides services to former gang members, said that "on a daily basis, people come in saying they don't qualify for the military because of their tattoos. They have visible tattoos. Sometimes it's behind the neck area, on the hands, face, ears."

Sgt. Sawyer's El Monte, Calif., recruiting center serves towns with a total population of 325,000 people. It enlists 10 to 15 people a month. "A lot of times, we don't even get to the interview stage," said the sergeant on a recent afternoon as some would-be soldiers dropped in.

One young man showed up with two gaping holes in his earlobes, the result of wearing ear gauges. "Come back when they're closed," the recruiter said, after jotting down the applicant's information.

David Monzon, a 23-year-old East Los Angeles man, said he had long wanted to join the Army but wasn't able to enlist after graduating: at 5 feet 6 inches tall, he weighed 300 pounds. After researching weight-loss programs, Mr. Monzon eliminated pizza, chili-cheese fries and other fatty foods from his diet, and he began riding his bike everywhere.

In February, Mr. Monzon walked into the recruiting center weighing 210 pounds. Sgt. Sawyer told him he was impressed but that he still needed to drop a few more pounds.

"I was pretty confident I would make it," Mr. Monzon said. He did. Now 190 pounds, Mr. Monzon is heading to South Carolina for basic training in September.

Ms. Crippen, meanwhile, said she was still considering whether to remove her fish tattoo, the only one of four tattoos she has that is problematic. "My parents said they'll pay for it, but right now I really don't know what I'll do," she said. "My tattoo isn't offensive."

**Write to Miriam Jordan at [miriam.jordan@wsj.com](mailto:miriam.jordan@wsj.com)**

# The Bad Lands Cow Boy Will Be Back On The Streets Of Medora Next Summer



Vol. 1, No. 1 of the Bad Lands Cow Boy.

**A**s winter was setting in to the Badlands in late 1883, a young easterner looking for adventure lugged a big old printing press off the train in Medora and began publishing a newspaper, the *Bad Lands Cow Boy*. In his first edition, printed February 7, 1884, A.T. Packard announced that the principal mission of the newspaper was "to print the best cattle paper in the Northwest and to preach King Cattle to all men."

Acknowledging financial realities, he announced on the front page of the paper "The Cow Boy is not published for fun but

for \$2 per year . . . If a subscriber should happen to be out of cash, furs of all kinds at the highest market price will be taken in payment. They are as good to us as money."

The paper achieved some notoriety in its short existence. Like many other Badlands ventures, it disappeared after the long "winter of the blue snow" in 1886-1887, the winter which killed most of those "cattle of the Northwest," and ended the ranching careers of many of the ranchers who owned them, including a fellow easterner named Theodore Roosevelt, who had arrived here about the same time as Packard and established a ranch on the Little Missouri River. A fire destroyed the newspaper's office that winter, and Packard, like many of

the other residents, including Roosevelt, left Medora.

The Theodore Roosevelt Medora Foundation is pleased to announce that the *Bad Lands Cow Boy* will resume publication in the summer of 2015. The Foundation has recently received permission to use the newspaper's name, thanks to the generosity of Badlands horseman and historian Wally Owens.

At the outset, the paper will be published twice weekly and will be available on the streets of Medora. The paper's headquarters will be at the *Medora Musical Ticket and Information Office* across the street from the Chuckwagon in downtown Medora.

Our plans are to tell the history of Medora and "Little Missouri Country," as Packard called it, using the files of the original *Cow Boy* and other reference materials, and to provide up-to-date news about activities in and around Medora to keep residents and visitors to Medora informed about things to do and see here.

The inspiration for the resurrection of the paper came from one of our summer volunteers, Kim Bonewit. Kim's a retired college professor from Ohio, but is a Jamestown College graduate who has maintained his interest in North Dakota and Medora, and returns each summer to volunteer a week or two of his time. Kim will work with our Medora staff to provide content for the paper. We will hire an editor for the paper each summer, possibly a journalism student from one of our universities.

Medora has a proud history, and we are happy to be able to continue to provide our visitors a glimpse of that history. The *Bad Lands Cow Boy*, Generation 2, will help us do that.

## Find the Good Life in North Dakota

By Randy Hatzenbuehler, TRMF President

**O**ne of my good responsibilities outside of Medora is serving on the North Dakota Economic Development Foundation. When it was formed in 2001, its primary focus was to create new jobs within our state. Today, making sure the state has the workforce to meet the growing needs of North Dakota's robust economy is front and center. The Foundation has launched the "Find the Good Life in North Dakota" campaign which uses targeted marketing and event strategies to attract potential new residents to North Dakota for careers in engineering, healthcare, energy, skilled trades, transportation and information technology. That's marketing agency lingo for "we are excited to let the world know how wonderful North Dakota is, and there are great jobs here and an exceptional quality of life for those who choose to make this place their home."

Medora plays a role in the success of that campaign. Daily in Medora we meet people who are new North Dakotans. The Badlands, Bully Pulpit, the *Medora Musical* and the peaceful setting that is Medora almost always exceeds anything they imagined. It helps them "Find the Good Life in North Dakota." Research consistently shows that good jobs bring people to our great state; but it is the quality of life that will keep them here. Elsewhere in this newsletter, Bill Sorensen wrote about his experience with "Chicago Boyz" in Medora this summer – said another

way, he was just writing about the quality of life we enjoy in Medora and North Dakota.

"We're a state with great schools, friendly people, supportive and safe communities, arts and entertainment, tremendous outdoor recreation and, of course, great job opportunities," said Wally Goulet, chairman of the North Dakota Economic Development Foundation.

"In the end, our goal is to ensure our state has the workforce it needs to take full advantage of the opportunities we have all worked so hard to create and foster."

The campaign is also placing an emphasis on attracting veterans and active military transitioning to civilian life and employment. It is estimated that 250,000 service men and women will be exiting the armed forces in the coming years and the campaign will invite them to start their next career in North Dakota.

Why would I take space in the TRMF newsletter to write about "Find the Good Life" campaign? We like that it is targeting veterans and active military. North Dakota has good jobs for them. In Medora we are enjoying visitation growth because of the many new people who are calling North Dakota home. And finally, the campaign is promoting North Dakota – the same thing we have been doing for fifty years!

For more information on the program visit [www.findthegoodlifeinnorthdakota.com](http://www.findthegoodlifeinnorthdakota.com).



SB 2042  
3-10-15  
#1

## Senate Bill 2042

3-10-2015

**Chairman Headland and House Finance and Taxation Committee members.**

### **SB2042 deals with Income Tax Exemptions for Veterans' Retirement Compensation**

The Interim Government Services committee received information on income tax exemptions in other states for veterans' retirement compensation. The committee learned 8 states, including North Dakota, do not provide any income tax exemption relating to veterans' retirement compensation. Of the 42 states which provide an exemption for veterans' retirement compensation, 7 states do not collect personal income tax, 15 states exempt 100 percent of the retirement compensation, 1 state exempts 100 percent of retirement compensation if the veteran received the congressional medal of honor, 13 states have a maximum allowable exemption amount, and 3 states use a combination of a maximum amount and a percentage to determine the exemption amount.

The committee learned the 2013 Legislative Assembly considered, but did not approve House Bill No. 1254, which would have exempted military retirement pay from the state income tax. The fiscal note on SB2042 an estimated of \$4,300,000 for the 2015-17 biennium.

After hearing testimony that, even though our rates are low, the message it sends to veterans is North Dakota appreciates their service.

The Government Services committee recommends SB2042 to exempt military retirement pay. The bill was amended in the Senate to include retired military personnel benefits paid to the surviving spouse of a deceased retired member from the state income tax. The bill would be effective for taxable years beginning after December 31, 2014.

Senator Ron Sorvaag  
District 45

SB 2042  
3-10-15  
#2 p. 1

HOUSE FINANCE AND TAXATION COMMITTEE

SB 2042

**Keith C. Magnusson**  
**On Behalf of the National Guard Association of North Dakota**

**We are here today in support of SB 2042 and ask for your favorable consideration.**

The National Guard Association of North Dakota (NGAND) is an officer association advocating for the well-being of the soldiers and airmen of the North Dakota National Guard and educating and promoting the well-being of our state and nation. NGAND is made up of both active guardsmen and retirees. As of October 1, 2014, membership consisted of 100% of the 137 air and 445 army active officers in the state, along with 239 retirees. We also are speaking for the 522 members of the Enlisted Association. Our parent organization is the National Guard Association of the United States (NGAUS).

Retirement is a broad subject that is much in the news and discussed nationally. "Baby Boomers" are retiring in droves! In just the publications that I receive, there are many articles on all aspects of retirement. Copies of a few of these are included with my testimony, as I will further discuss.

Taxation is often the focus of many articles, as retirees are concerned about where to live and be able to preserve their funds and way of life. Kiplinger's is one of the best at keeping retirees and those planning for retirement informed on many aspects of retirement, including taxation. Included is an article from *Kiplinger's Personal Finance* on the "Best and Worst States for Taxes." North Dakota is not among the ten best. Also included is an article from *Kiplinger's Retirement Report* called "Watch Out for the State Tax Bite." Please note that there are six states, including North Dakota, that offer no safe haven for retirement income.

Now on to the crux of SB 2042, which is taxation of military retired pay. Military Officers Association of America (MOAA), which actually used to be an organization for retired officers, annually publishes a "State Report Card" in its *Military Officer* magazine. This "Report Card" tracks state-level policies benefitting current, retired, and former servicemembers. Although it discusses other things besides taxation, I have included the entire current "Report Card" for your use. Military retirees and those planning for retirement look at such things as taxes when looking for a retirement home base. Even when I was on active duty many years ago, there was a joke that if you drove through Texas or Florida in the middle of the night, or had been stationed there, you could claim it as your residence and not pay state income tax. And many have!

SB 2042 is an interim bill recommended by the Government Services Committee. Legislative Council prepared the included compendium of "Income Tax Exemptions for Veterans' Retirement Compensation." The 35 states listed, as of June 2014, provided a complete or at least partial exemption for military retired pay. Add to the 35 states listed

as having some exemption, the seven states that have no broad-based state income tax, as footnoted in the report, and there are 42 states providing some exemption from taxation for military retired pay. This year, Nebraska will be added with a partial exemption, but it appears North Carolina will go the other way (presumably due to a new flat tax structure).

Why should North Dakota exempt military retired pay from state income tax? I am speaking from the point of view of the National Guard Association, but the same arguments could apply to other reserve forces and active duty, especially when discussing economic development. Some things to consider are: recognition of career service, recruiting and retention, and economic development.

Recognition of career service. It is in the best interests of North Dakota and our country to have National Guard officers and enlisted make their service a career. Think about the next flood, tornado, or other natural disaster. We want the Guard well trained and well led at these crucial times. This only happens if they are inclined toward a career in the Guard, which often is at great sacrifice to their personal life, family, and civilian career. The National Guard is no longer just weekend drills and summer camp ("weekend warriors")! They have dual state and national roles and missions. Having everyone serve for a minimum number of years, and then get out, will not work. Then we lose the benefit of that valuable training and the leaders necessary to accomplish the mission. We need incentives to keep our valuable National Guard ready. In fact, we should go further than SB 2042 does and consider exempting from income tax the pay active Guard and Reserve members receive for such service as training, both active and inactive (drills).

Recruiting and Retention. MOAA recently published an online article, "Retention Trouble Looming?", which, while talking about active duty forces, can apply as well to reserve forces. The article actually is concerning both recruiting and retention, as is my preceding paragraph. Very troubling is that 17-24 year olds are ineligible for the military in frightening numbers. What does that mean for recruiting? The *Wall Street Journal* published an online article that has been picked up by other media across the country as it seemed to hit home in many places. That article, which is included, says that the "Defense Department estimates that 71% of the 34 million 17- to 24-year olds in the U.S. would fail to qualify to enlist in the military if they tried ... ." The article discusses this further. In North Dakota, this may be even more troubling, with our rate of obesity and alcohol use, and that percentage may be higher. The federal government is trying to reduce benefits and even drill pay. Then, what would be the incentive to stay, when the spouse and family say it is no longer worth it?

Economic Development. We should welcome military retirees to North Dakota, or back to this state. They spend money, have second careers, are well trained and educated, and will pay taxes on their other income, property, and purchases. In the bigger picture, this could more than make up for the cost of a tax exemption on retired pay. Ask your chamber executives what they think of this. "Find the Good Life in North Dakota is targeting military retirees and former military. SB 2042 is a tool they can use!"

# BEST AND WORST STATES FOR TAXES

**NO MATTER WHERE YOU RETIRE, YOU'LL** owe the same amount to Uncle Sam in federal taxes. But whether you stay put or relocate can have a significant impact on what you'll owe in state taxes.

If you're thinking of pulling up roots, compare the taxes in potential retirement states with those in your current state. Wherever you retire, you may be eligible for senior-related tax breaks on retirement income. (A state with no income tax is appealing, but don't forget about sales and property taxes.)

After analyzing the tax laws of the 50 states and the District of Columbia, we've come up with a list of the ten most and the ten least tax-friendly states for retirees. The map below offers a quick snapshot. For details on the tax rules in all the states, visit [kiplinger.com/links/retireetaxmap](http://kiplinger.com/links/retireetaxmap).

## RETIREMENT INCOME

Looking for a state that doesn't tax income? Try Alaska, Florida, Nevada, South Dakota, Texas, Washington or Wyoming. A couple of others, New Hampshire and Tennessee, tax only dividends and interest. But Tennessee exempts taxpayers 65 and older who have total annual income of \$33,000 or less for single filers (\$59,000 for joint filers). New Hampshire offers a \$1,200 exemption for taxpayers 65 and older.

Of the 41 states plus the District of Columbia that have a broad-based income

tax, most offer breaks to protect some (and, in a couple of cases, all) retirement income. The most generous states are Mississippi and Pennsylvania, which make all retirement income tax-free, including public and private pensions and distributions from retirement accounts, such as IRAs and 401(k)s.

Most other states allow retirees to exclude part of their retirement income. Georgia offers the largest such retirement-income exclusion, at \$65,000 for a taxpayer 65 or older (couples can shelter \$130,000). For a taxpayer age 62 to 64, the first \$35,000 of retirement income is tax-free. Kentucky allows exclusions of up to \$41,110 of military retirement pay, qualified private pensions, annuity income, and civil-service and state and local government pensions.

Six states offer no safe haven for retirement income: California, Minnesota, Nebraska, North Dakota, Rhode Island and Vermont. Connecticut excludes 50% of military retirement pay from tax, but it offers no other retirement-income breaks.

## SOCIAL SECURITY BENEFITS

States are pretty generous when it comes to Social Security. While Uncle Sam taxes up to 85% of your benefits, they're 100% tax-free in most states. Besides the nine states that don't have a broad-based income tax, 27 states and the District of Columbia grant Social Security benefits tax-free status.

The rest of the states tax Social Security to some extent. Rhode Island and West Virginia, for instance, tax benefits the same as the federal government does. Connecticut, Kansas and Missouri tax benefits when a taxpayer's income exceeds certain thresholds (which are above the federal levels). Some of the states, including New Mexico, allow benefits to qualify for a tax break under a broader retirement-income exclusion.

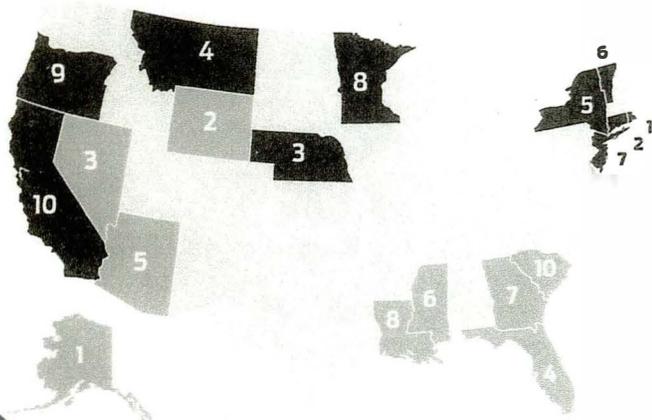
## ESTATE TAXES

Although many states don't impose estate or inheritance taxes (Indiana, Ohio and North Carolina repealed their death taxes as of 2013), 19 states and the District of Columbia have at least one or the other; Maryland and New Jersey impose both levies.

An estate tax hits the estate before assets are distributed, while an inheritance tax is paid by the heirs. Tennessee, which taxes estates of more than \$1.25 million, is phasing out its tax by 2016.

A key factor is how large an estate can be before triggering the tax. Often these exemptions are lower than the federal estate tax exemption, which for 2014 is \$5.34 million. For example, in New Jersey, the exemption is \$675,000.

In addition to an estate tax, Connecticut has a gift tax with a lifetime exclusion of \$2 million. Minnesota enacted a gift tax in 2013 but repealed it in March.



### BEST TAX-FRIENDLY

- 1 | Alaska
- 2 | Wyoming
- 3 | Nevada
- 4 | Florida
- 5 | Arizona
- 6 | Mississippi
- 7 | Georgia
- 8 | Louisiana
- 9 | Delaware
- 10 | South Carolina

### LEAST TAX-FRIENDLY

- 1 | Rhode Island
- 2 | Connecticut
- 3 | Nebraska
- 4 | Montana
- 5 | New York
- 6 | Vermont
- 7 | New Jersey
- 8 | Minnesota
- 9 | Oregon
- 10 | California

## Watch Out for the State Tax Bite

**T**AX PLANNING is a cornerstone of retirement planning. But by focusing on Uncle Sam, many retirees overlook the state-tax bite. States vary across the map on how they tax everything from retirement income to retail purchases. If you're thinking of relocating, be sure to know how potential retirement destinations compare with your current state when it comes to taxes.

Here we look at three primary categories: state tax treatment of pensions and retirement income, Social Security, and estates and inheritances. Other categories to consider are sales taxes and property taxes. You can get more information on all of these taxes by going online to Kiplinger's updated Retiree Tax Map ([kiplinger.com/links/retireetaxmap](http://kiplinger.com/links/retireetaxmap)).

You can click on a state to see its full tax profile. You also can sort the map based on certain categories, such as those states that have no income tax. By using the "compare" feature, you can select up to five states to see how they stack up to each other side by side.

### Pensions and Retirement Income

Retirement income of all kinds gets a pass in seven states. Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming have no state income tax.

Two states, New Hampshire and Tennessee, tax only dividends and interest, and both offer breaks to seniors. New Hampshire offers a \$1,200 exemption for taxpayers 65 and older. Tennessee exempts taxpayers over 65 who have total annual income of up to \$33,000 for single filers (\$59,000 for joint filers) from the tax on dividends and interest.

Of the 41 states, plus the District of Columbia, that have an income tax, eight have a flat tax, which imposes a single rate on all residents regardless of income. North Carolina is the newest convert to the flat tax, which kicks in this year; the state's flat income tax rate is 5.8% for 2014 and drops to 5.75% for 2015 and beyond. The other 33 states, plus the District, impose graduated tax rates, which tax households with higher incomes at a higher rate.

Most states offer some type of retirement-income exclusion, though some are more generous than others. Mississippi, for instance, exempts all retirement income, including public and private pensions and distributions from retirement accounts, such as IRAs and 401(k)s.

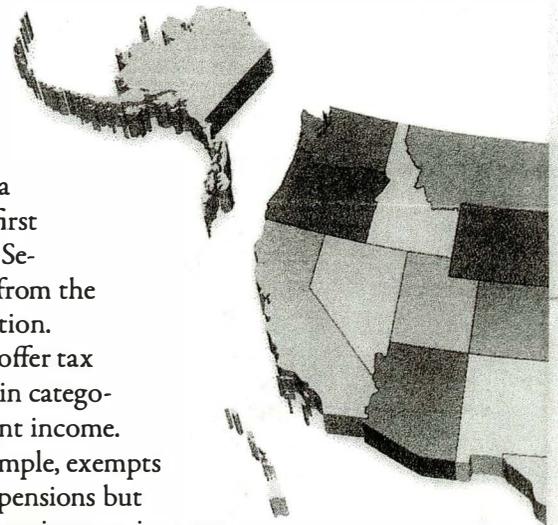
Other states exclude a set amount of retirement income from taxation. These amounts vary greatly, from a few hundred bucks to thousands of dollars. Georgia offers the largest retirement-income exclusion, at \$65,000 for a taxpayer 65 or older (couples can exclude \$130,000). Georgians who are ages 62 to 64 can exclude up to \$35,000 per taxpayer.

Pay close attention to the formula for the exclusion, which differs by state, too. Maine, which has increased its exclusion by \$4,000, lets seniors exclude up to \$10,000 of retirement income starting in 2014. The exclusion can be applied to pension income, annuity income and IRA distributions, but a taxpayer must first subtract Social Security benefits from the \$10,000 deduction.

Some states offer tax breaks on certain categories of retirement income. Kansas, for example, exempts in-state public pensions but taxes all private retirement income. Alabama excludes private pensions but taxes distributions from defined-contribution plans, such as 401(k)s.

Then there are those states that offer no safe haven for retirement income. This year North Carolina joins five other states that offer no breaks: California, Minnesota, North Dakota, Rhode Island and Vermont. (An extra hit: California imposes a 2.5% penalty for those who withdraw from a retirement plan before age 59½—in addition to the 10% federal penalty.)

Two states offer no general breaks on retirement income but do offer a break to military retirees. Connecticut excludes 50% of military retirement pay from tax. Starting in 2015, Nebraska will let military retirees choose to either exclude 40% of military retirement income for seven consecutive taxable years or to exclude 15% of that income for all taxable years starting the year they turn age 67.



## Social Security Benefits

While the federal government taxes up to 85% of Social Security benefits, the majority of states exclude Social Security from state income tax. Iowa is the newest member of that group—as of 2014, Iowa has completely phased out its state tax on Social Security benefits.

In addition to the nine states that don't have a broad-based income tax, Social Security benefits are free from state income taxes in Alabama, Arizona, Arkansas, California, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Virginia and Wisconsin. The District of Columbia also waives income tax on Social Security.

Of the remaining 13 states, Social Security benefits are taxable to some extent. Rhode Island and West Virginia, for instance,

tax benefits the same as the federal government does.

Connecticut, Kansas and Missouri tax benefits when a taxpayer's income exceeds certain thresholds that are higher than the federal threshold. As of 2015, Nebraska, which now taxes benefits

the way Uncle Sam does,

joins this group. Starting next year, Nebraskans whose adjusted gross income is \$58,000 or less if married filing jointly, or \$43,000 or less for all other filers, will avoid having to pay state income tax on Social Security.

Some of these states allow benefits to qualify for a tax break under its retirement-income exclusion. New Mexico, for example, lets a retiree protect otherwise taxable benefits under its \$8,000 exclusion.

## Estate and Inheritance Taxes

The majority of states do not impose estate tax or inheritance tax. But 17 states and the District of Columbia have one or the other, and two states—Maryland and New Jersey—impose both levies. An estate tax hits the estate before assets are distributed, while an inheri-

tance tax is paid by the heirs. Tennessee, which calls its tax an inheritance tax, imposes a tax on estates of more than \$2 million in 2014; the exemption rises to \$5 million in 2015, and the tax is eliminated in 2016.

Generally, state estate-tax rates are graduated up to 16% on the largest estates. That compares with the 40% federal estate-tax rate. But estate-tax exemptions in some states are lower than the federal estate-tax exemption, which for 2014 is \$5.34 million. In Minnesota, for instance, estates larger than \$1.2 million are subject to state estate tax in 2014, gradually rising to \$2 million by 2018. In New Jersey, the exemption is \$675,000. In both cases, an estate that could be exempt from federal estate taxes could end up with a state tax tab.

A couple of states are gradually closing that gap starting this year and next. New York, whose estate-tax exemption had been \$1 million, raised it to \$2,062,500 as of April 1, 2014, and will gradually raise it until January 2019, when it's set to match the federal exemption in effect that year. Beginning in 2015, Maryland will raise its current \$1 million exemption to \$1.5 million. Its exemption will also gradually rise to eventually match the federal exemption by 2019.

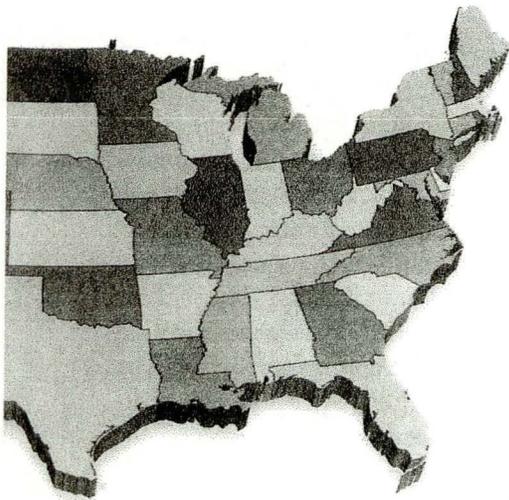
The gift tax remains standing in only one state: Connecticut. Its gift tax kicks in after a \$2 million lifetime exclusion. After implementing a gift tax last summer, Minnesota repealed it this year and retroactively for last year. **K** —RACHEL L. SHEEDY

## Impact of State Tax Tab

State taxes can make a big impact on those who want to convert money from a traditional IRA to a Roth IRA but who may relocate in retirement.

Let's say you plan to convert \$25,000, and you live in Oregon and are subject to the state's top tax rate of 9.9%. In addition to federal tax, you'd owe state tax of \$2,475 on the Roth conversion. If you retire to, say, North Carolina in 2015, you would owe \$1,438 at the state's flat tax rate of 5.75%. If instead you moved to Texas, a no-income-tax state, you would owe zero in state tax.

Delaying a conversion until retiring to the Tar Heel State or the Lone Star State would pay off by one or two thousand dollars. On the flip side, move from Texas to Oregon, and you'd be better off doing the conversion before departing the tax-friendlier state.



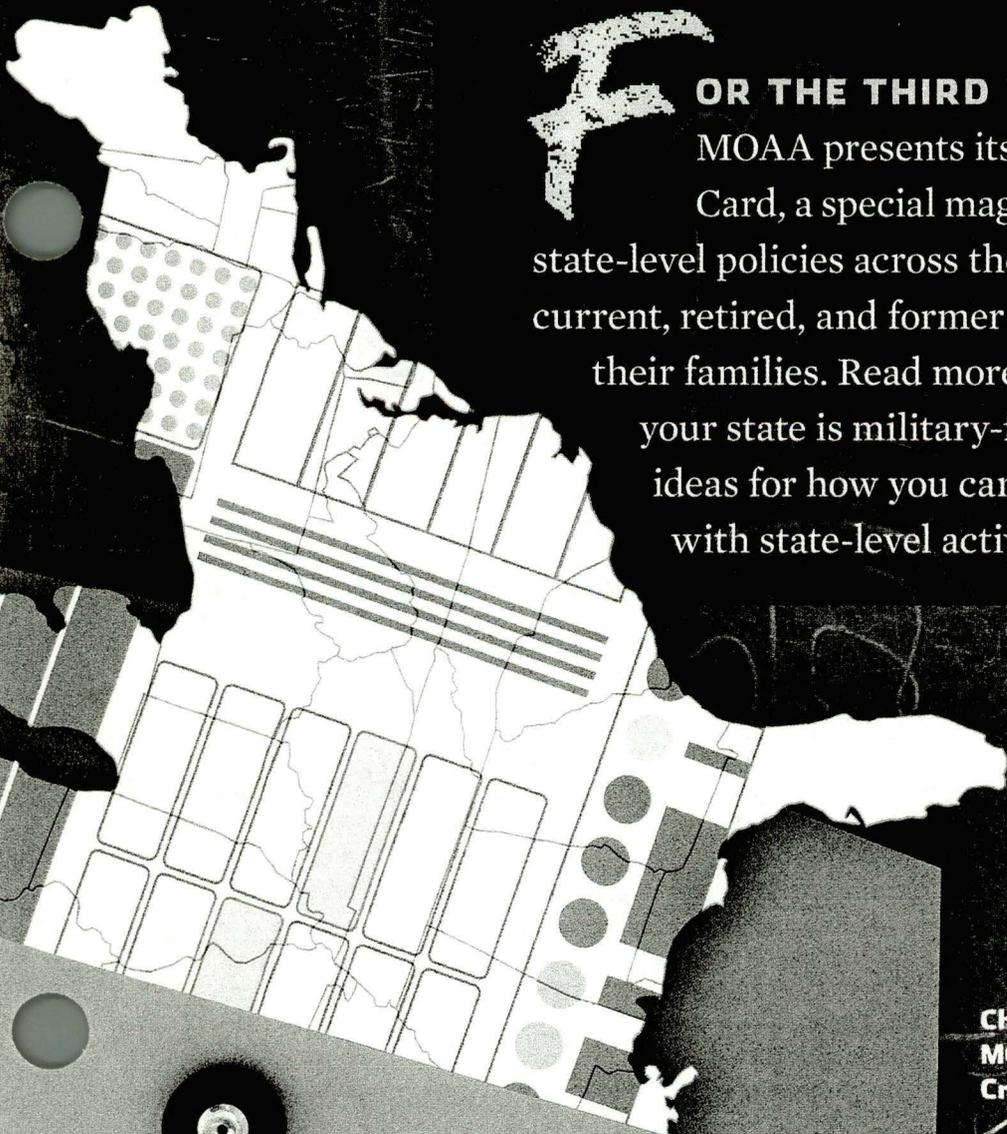
**MOAA**

State-by-State  
Assessment



# State Report Card

for military families, veterans, and retirees



**F**

**OR THE THIRD YEAR RUNNING,** MOAA presents its annual State Report Card, a special magazine section tracking state-level policies across the nation benefiting current, retired, and former servicemembers and their families. Read more to find out whether your state is military-friendly — and get ideas for how you can make a difference with state-level activism.

Chart data compiled by  
MOAA's Karen Golden and  
Cmdr. William Finch, USN (Ret)

# The Benefits of Being Military-Friendly

By Heidi Lynn Russell

**WHY SHOULD A STATE BE “MILITARY-FRIENDLY”?** Other than for moral reasons (e.g., supporting those who selflessly serve the country), a revenue stream, derived from capturing separating servicemembers in the civilian workforce, is a key benefit. Plus, the state’s educational institutions

and high-tech corporations have greater access to a strong talent pool — servicemembers with leadership skills and military training. Additionally, a pro-veteran stance demonstrates a state’s worthiness of keeping any military installation safe from base realignment and closure (BRAC).

Here are three states that used pro-veteran programs and policies not only to benefit their military population but also to help solve their economic challenges.

## Iowa

Iowa is small (with 3 million people) compared to other Midwestern

states, and it has been plagued with a high unemployment rate and government deficits. To grow, the state needed to attract and retain a skilled and trained workforce, says Debi Durham, director of the Iowa Economic Development Authority.

To accomplish this, Maj. Gen. Tim Orr, the adjutant general of the Iowa National Guard, who was aware of upcoming troop draw-downs, suggested to Gov. Terry Branstad that Iowa do something to get ahead of the curve and attract exiting veterans to the state.

In November 2013, Brandstad formally announced the Home Base

Iowa initiative, a private-public partnership that would match veterans with jobs available across Iowa and connect employers and veterans via [www.homebaseiowa.org](http://www.homebaseiowa.org).

In April, Branstad and Lt. Gov. Kim Reynolds met with MOAA President Vice Adm. Norbert R. Ryan Jr., USN (Ret), and other MOAA staff members to discuss the initiative, and, on Memorial Day 2014, Brandstad signed the Home Base Iowa Act into law.

“It’s the governor’s goal to be the friendliest state in the country,” Durham says.

Doing so could protect Iowa and its neighbors from BRAC. “We have Rock Island Arsenal in Illinois on the border,” she says. “We see a direct benefit to having them there. We believe that the more we can build up Guard units and the veteran talent pool, the more it helps set us apart. We are always watchful of BRAC and very proactive in making a case of the value we bring to the country.”

## Massachusetts

The Boston area alone is home to more than 60 colleges and universities, including the Massachusetts Institute of Technology. High-tech defense corporations, like Raytheon and The MITRE Corp., are in Massachusetts. Additionally, the state has six military bases that employ more than 46,500 people, partner with local businesses and schools, and have an annual economic impact (revenue) of \$14.2 billion on local communities. To marry the efforts of educational institutions, cutting-edge technological corporations, and defense installations with the interests of veterans, the state focused on cross talk.

"[Cross talk] is a skill most leadership in the military understands," says Maj. Paul Cancelliere, USA (Ret), treasurer of MOAA's Paul Revere Chapter, who led an effort to improve Massachusetts' policies affecting veterans. "It's a skill that occurs at all levels. You identify in the corporate or commercial space who are your influencers [and] who are your sponsors."

To get people "cross-talking," Cancelliere presented a bipartisan package of ideas from MOAA and DoD to Coleman Nee, the state secretary of veterans' services. "It was a matter of good timing," Cancelliere says. "I'd never met him before in my life, and he had a direct line to the governor. He is very astute at building relationships and has done a fantastic job."

In addition, former Lt. Gov. Timothy P. Murray (who now leads the Worcester Regional Chamber of Commerce) launched the Military Asset and Security Strategy Task

Force, a coalition that connects the dots between the military and leaders of industry, academia, nonprofit groups, quasi-public agencies, and government.

Murray "understood how to build interest within a community and interest within a commonwealth and within a region," Cancelliere says. "He does it very easily. It sounds simple, but it's difficult to execute."

## Virginia

A stream of exiting servicemembers are on the fence about making Virginia their permanent home — but, if they stay, it means a significant

revenue stream for the state and local municipalities, say MOAA Virginia Council of Chapters (VCOC) President Col. Victoria Revilla, USA (Ret), and 3rd Vice Chair Col. Stuart Williams, USA (Ret).

"There are different private organizations around the capital area that are in the defense-support business and in manufacturing," says Revilla. "A lot of people look toward staying in the area to get those high-level executive positions with those companies."

As a member of Virginia's Joint Leadership Council of Veterans Service Organizations, whose mission is to advise and assist the governor and the state Department of Veteran Services on issues of importance to veterans, the VCOC works to keep veterans' issues front-and-center before state government, which encourages veterans to stay in the state.

"We would be in a pretty tough position" without the cohesiveness of Virginia's Joint Leadership Council, Williams says.

Virginia has 40 state senators and 100 lawmakers in the House of Delegates. MOAA has members in 35 Senate districts and about 75 of the delegate districts, Williams says. Appointed members liaise with lawmakers heavily. "We all go to Richmond in January and call on every one of them to work on objectives," he says.

Revilla says, "A key reason we're able to move so quickly on issues in Virginia is due to that relationship between MOAA and the legislators."

— **Heidi Lynn Russell** is a freelance writer based in Kentucky. Her last feature article for Military Officer was "Veterans Welcome," May 2014.

**AS A MEMBER OF VIRGINIA'S JOINT LEADERSHIP COUNCIL OF VETERANS SERVICE ORGANIZATIONS ... MOAA'S VIRGINIA COUNCIL OF CHAPTERS WORKS TO KEEP VETERANS' ISSUES FRONT-AND-CENTER BEFORE STATE GOVERNMENT, WHICH ENCOURAGES VETERANS TO STAY IN THE STATE.**

# Veteran & Retiree Benefits Criteria

## Military Retirement Pay Exempt From State Taxation:

Some states allow military retirees to exempt a specific amount, a percentage, or full military retired pay from taxation.

Most states determine what income is subject to taxation based on a filer's federal tax return. Retirees who entered the military before Sept. 24, 1975, and members receiving disability retirement based on combat injuries or who could receive disability payments from the VA are covered by laws giving disability broad exemption from federal income tax. Spouses also might be able to receive exemptions for their survivor benefits.

Most military retired pay based on service-related disabilities is exempt from federal income taxation, but there is no guarantee of protection. Consult a tax expert in your state regarding your specific situation.

*Green* indicates military retired pay is exempt (or mostly exempt) from state taxation.

*Yellow* indicates a limited or conditional tax exemption.

*Red* indicates no exemption or a very limited exemption.

**Property Tax Exemptions:** The chart considers only realty property tax exemptions. In most states, municipalities levy a property tax in addition to any state-levied property tax. In some states, property taxes are left solely to counties or municipalities. Exemptions may be available to all state residents and not solely available to veterans. Color assignments are subjective.

*Green* indicates 1) exemptions available for veterans only, regardless of age or income, or 2) partial exemptions for less-than-100-percent

disabled veterans or total exemptions for 100 percent/totally disabled.

*Yellow* indicates 1) exemptions available for seniors or 2) partial exemptions for disabled veterans.

*Red* indicates no exemption or a very limited exemption.

## In-State Tuition for Nonresident

**Veterans:** The Veterans Access, Choice, and Accountability Act of 2014 requires public colleges receiving GI bill education payments to provide in-state tuition to veterans and eligible dependents, effective fall 2015.

## Veteran Status on Driver's License/State ID:

All but two states have passed legislation adding veteran's designation to driver's licenses and state ID cards, enabling veterans to prove their status (e.g., for veteran's discounts) without discharge papers.

#2 of 10

# Blue Skies of Texas

SENIOR LIVING IN THE TRADITION  
OF AIR FORCE VILLAGE

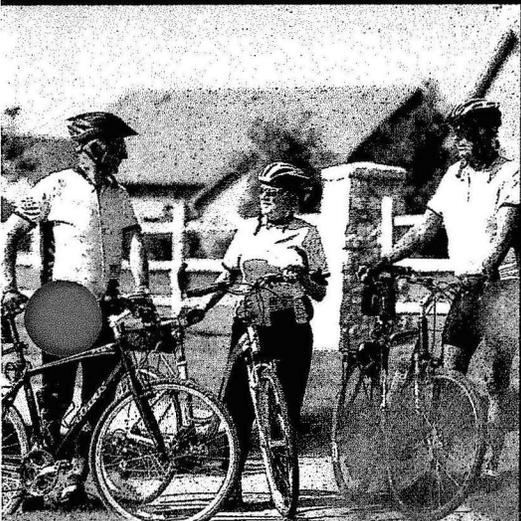
## Sky-high possibilities.

As retired officers, we have long prized our lifestyle, and today we can invite our retired civilian friends and neighbors to join us. Featuring a rich array of services and amenities, two residential campuses, life care for cost management and peace of mind, a complete continuum of care, and an absolutely amazing variety of fascinating residents, we're Blue Skies of Texas – heritage-rich, future-focused senior living in the tradition of Air Force Village.

*For the senior looking to get a little more out of retirement, it's simple. Look up and soar.*

1.888.818.3362  
BlueSkiesOfTexas.org

Blue Skies of Texas  
5100 John D. Ryan Blvd. | San Antonio, TX 78245



Veteran & Retiree

# Benefits

THE STATE POLICIES PRESENTED ON THE CHART BELOW generally benefit servicemembers who have separated or retired from the military. See "Veteran & Retiree Benefits Criteria," previous page, for an explanation of each category.



- GAIN
- LIMITED/CONDITIONAL
- YES
- ADDITIONAL NOTES
- NO/MINIMAL

ALABAMA  
ALASKA  
ARIZONA  
ARKANSAS  
CALIFORNIA  
COLORADO  
CONNECTICUT  
D.C.  
DELAWARE  
FLORIDA  
GEORGIA  
HAWAII  
IDAHO  
ILLINOIS  
INDIANA  
IOWA  
KANSAS  
KENTUCKY  
LOUISIANA  
MAINE

RETIREMENT/SBP TAX EXEMPTION



PROPERTY TAXES

for All Veterans



for Disabled Veterans



IN-STATE TUITION



VETERAN STATUS ON LICENSE/ID



# ○ ADDITIONAL NOTES

Policies vary widely from state to state. Some specific factors to be aware of are highlighted below. However, it's important to weigh the benefits of each state's practices in light of your personal financial situation.

**Colorado:** First \$20,000 or \$24,000 of Social Security and other retirement income exempt for age 55 or 65 and older

**Connecticut:** 50 percent of military retired pay exempt

**Delaware:** State ID card

**Georgia:** \$35,000 exempt, ages 64 or totally disabled; \$65,000 exempt age 65 and older

**Idaho:** \$30,000-\$45,000 retired pay deduction, reduced by Social Security, for age 65 and up (age 62 if disabled)

**Illinois:** Effective July 2015

**Iowa:** Military retired pay and SBP exempt retroactive to Jan. 1, 2014

**Kentucky:** Retirement pay earned before Jan. 1, 1998, is exempt; pay for service after 1997 and other retirement income qualifies for a \$41,110 tax exclusion

**Missouri:** 75 percent of military retirement pay exempt as of Jan. 1, 2014; deduction increases 15 percent-age points annually, with all military pension income exempt Jan. 1, 2016

**New Jersey:** Effective March 2015

**North Carolina:** Retired pay and SBP exempt with five years' credible service before Aug. 12, 1989; others allowed a \$4,000 deduction

**Oklahoma:** Greater of 75 percent or \$10,000 of military retired pay exempted

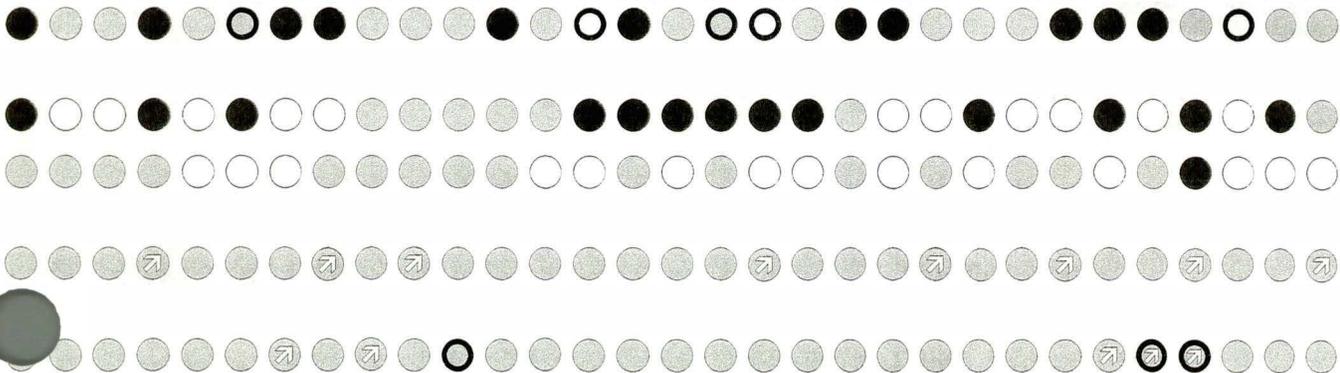
**Oregon:** Retirees and surviving spouses may be able to exempt pay due to service prior to Oct. 1, 1991

**Virginia:** State ID card

**Washington:** Effective 2017

**West Virginia:** \$2,000 exempt, additional exemption up to \$20,000

MARYLAND MASSACHUSETTS MICHIGAN MINNESOTA MISSISSIPPI MISSOURI MONTANA NEBRASKA NEVADA NEW HAMPSHIRE NEW JERSEY NEW MEXICO NEW YORK NORTH CAROLINA NORTH DAKOTA OHIO OKLAHOMA OREGON PENNSYLVANIA RHODE ISLAND SOUTH ISLAND SOUTH CAROLINA SOUTH DAKOTA TENNESSEE TEXAS UTAH VERMONT VIRGINIA WASHINGTON WEST VIRGINIA WISCONSIN WYOMING



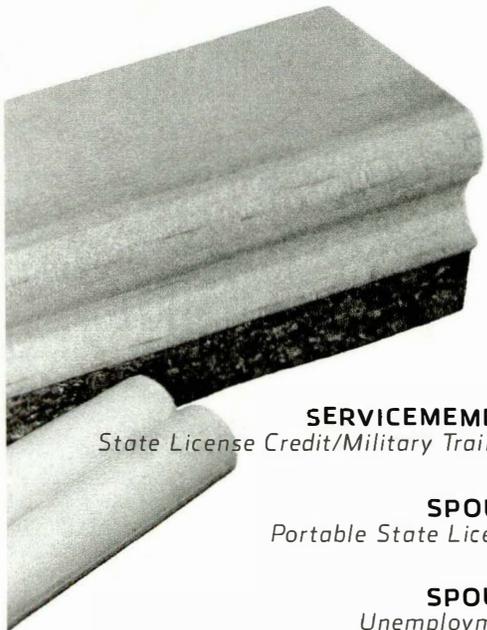
State laws are subject to change; contact your state's department of veterans affairs for up-to-date information.

Currently  
Serving Family  
**Benefits**

**THESE POLICIES AND PROGRAMS** generally benefit currently serving military members and their families. Learn more about legislative successes in “Education Gains,” facing page.

**Servicemember Credit Toward State Licensure/Certification for Military Training:** To date, 46 states have passed legislation counting military education, training, and experience toward professional licensure and certification requirements. Veterans in these states can show licensing boards and academic institutions their transcripts of military service issued by DoD when they apply for professional licenses or certification.

**Portability for Military Spouse Licensure:** Because licensing requirements can vary widely between states, PCS moves can inhibit career development of military spouses in professions requiring licensure. To date, 47 states have adopted legislation to ease this problem. Certain professions such as teaching, law,



- ALABAMA
- ALASKA
- ARIZONA
- ARKANSAS
- CALIFORNIA
- COLORADO
- CONNECTICUT
- D.C.
- DELAWARE
- FLORIDA
- GEORGIA
- HAWAII
- IDAHO
- ILLINOIS
- INDIANA
- IOWA
- KANSAS
- KENTUCKY
- LOUISIANA
- MAINE

**SERVICEMEMBER**  
State License Credit/Military Training



**SPOUSE**  
Portable State License

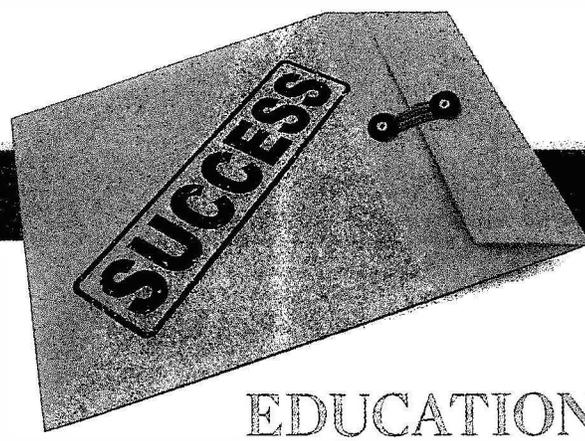


**SPOUSE**  
Unemployment



**CHILD**  
Interstate Compact





and others might not be covered in many states, so be sure to check your state's provisions.

# EDUCATION GAINS

**Unemployment Compensation for Military Spouses:** Military spouses often must quit their jobs to follow their military sponsors. Forty-six states now permit military spouses in this situation to receive unemployment compensation while seeking work at their new duty stations.

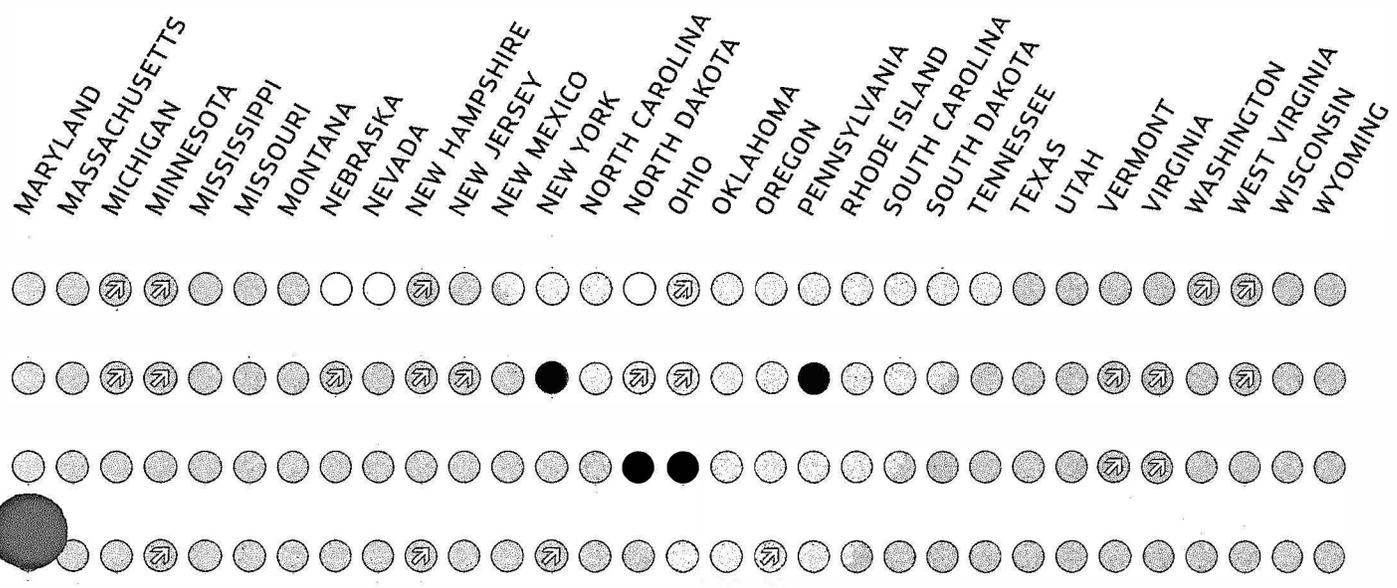
**Servicemembers and their families** will face fewer education challenges thanks to two recent policy decisions.

On Aug. 7, President Barack Obama signed the Veterans Access, Choice, and Accountability Act, which includes a provision that grants to recent veterans in every state in-state tuition at any public college or university receiving federal funding through the Post-9/11 GI Bill. The law takes effect July 1, 2015, and applies to veterans who have served at least 90 days of active duty service to pay resident tuition rates in any state within three years of leaving the military. It also covers spouses and dependent children of veterans meeting certain criteria.

**Interstate Compact on Educational Opportunity for Military Children:** Now adopted in all 50 states, the compact helps military children overcome educational challenges associated with frequent interstate moves. States that participate follow common guidelines when handling issues such as records transfer, class placement, and graduation requirements.

On Aug. 18, New York became the 50th state to sign the Interstate Compact on Educational Opportunity for Military Children.

- GAIN
- LIMITED/CONDITIONAL
- YES
- NO/MINIMAL



State laws are subject to change; contact your state's department of veterans affairs for up-to-date information.

# MOAA

## State by-State Assessment

#op.15

tary Children. The compact helps to alleviate some of the challenges — class placement, records transfer, immunization requirements, graduation requirements, exit testing, and extracurricular opportunities — military children face when transitioning between schools.

Both issues have been the focus of the DoD-State Liaison Office (DSLO), which has eight state liaisons across the country dedicated to educating state policymakers and other key stakeholders about the challenges and issues faced by servicemembers and their families. MOAA councils and chapters and other organizations often work in partnership with the DSLO to advance these state-level initiatives.

“These educational initiatives are much like the other issues DSLO works, in that the desired outcome alleviates barriers for servicemembers [and] recent veterans and their families that are associated with the demands of military life,” says Marcus Beauregard, chief, DSLO.

**“MILITARY CHILDREN AND SEPARATING SERVICEMEMBERS FIND THEMSELVES IN CIRCUMSTANCES NOT NECESSARILY OF THEIR CHOOSING, AND THE [EDUCATION INITIATIVES] HELP LEVEL THE PLAYING FIELD FOR THEM.”**

**— Marcus Beauregard,  
chief, DoD-State  
Liaison Office**



## LAS VENTANAS

AT SUMMERLIN  
AN ABHOW MANAGED COMMUNITY

*“I have more of a social life here than I ever did living by myself in a big house.”*

— Jeanett Kelly

**Call 1 (888) 298-1185**  
*to schedule your personal tour today!*

Active Adult Living | Assisted Living | Skilled Nursing

10401 West Charleston Boulevard  
Las Vegas, NV 89135 | [www.lasventanaslv.com](http://www.lasventanaslv.com)



#2p. 16



# Master of Business *for* Veterans



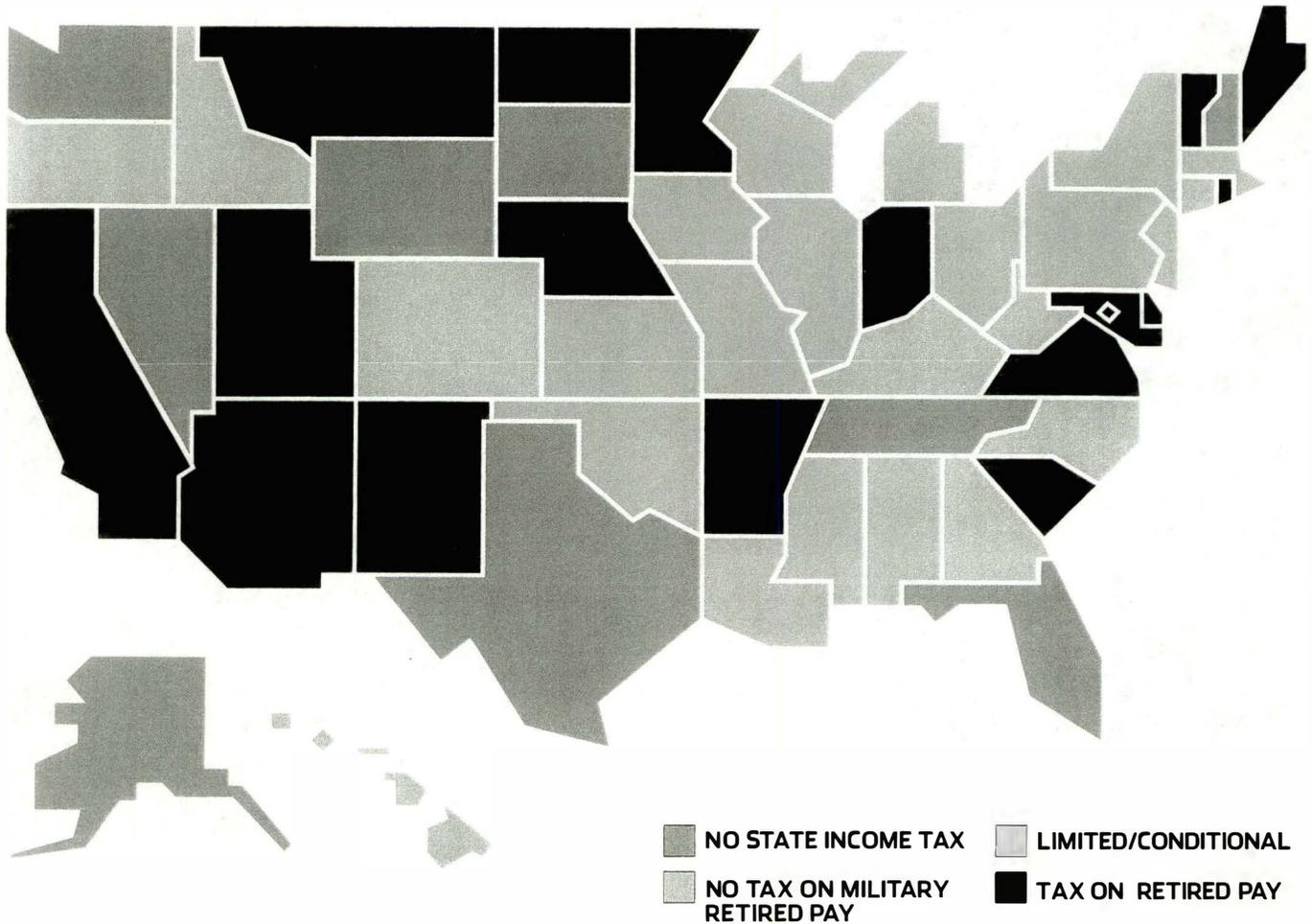
## Equipping military leaders for success in business

The USC Marshall School of Business Master of Business for Veterans (MBV) is a one year master's degree in business created specifically for military veterans, active-duty and reserve personnel. The 1-year (2-semester) accelerated degree offers unique knowledge and world-class networks needed to succeed in today's business environment.

For immediate program details go to:  
**[marshall.usc.edu/mbv](http://marshall.usc.edu/mbv)**  
or call (213) 740-8990

**USC Marshall**  
School of Business

### TAXATION OF MILITARY RETIRED PAY



**Military Retirement Pay Exempt From State Taxes:** Some states allow military retirees to exempt a specific amount, a percentage, or full military retired pay from state income taxation. Note that Tennessee and New Hampshire tax only dividend and interest income, while Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming have no state income tax. (These states are indicated in blue above.)

Veterans also might receive exemptions for disability pay, and spouses might be able to receive exemptions for their survivor benefits. MO

#### Publisher's Advertising Representatives

**James G. Elliott Co. Inc.**  
New York: (212) 588-9200  
Chicago: (312) 236-4900  
Los Angeles: (213) 624-0900

Contents of *Military Officer* articles are the opinions solely of the authors and do not necessarily express the policy or opinions of the publisher. Similarly, the advertisements do not reflect an endorsement by the association unless so indicated. *Military Officer* is a registered trademark of MOAA. Printed in the USA.

The information in this guide is, to the best of our knowledge, correct as of Oct. 1, 2014.

## INCOME TAX EXEMPTIONS FOR VETERANS' RETIREMENT COMPENSATION

#2 p. 18

This memorandum provides information regarding income tax exemptions in other states for veterans' retirement compensation. The schedule below identifies which states exempt veterans' retirement compensation from income taxes and the amount of the exemptions.

State <sup>1</sup>	Income Tax Exemption for Veterans' Retirement Compensation	Amount of Exemption
Alabama	Yes	100 percent
Arizona	Yes	Up to \$2,500
Arkansas	Yes	Up to \$6,000
California	No	-
Colorado	Yes	Up to \$24,000
Connecticut	Yes	50 percent
Delaware	Yes	Up to \$2,000 for persons under age 60; up to \$12,500 for persons age 60 and older
Georgia	Yes	Up to \$35,000
Hawaii	Yes	100 percent
Idaho	Yes	Up to \$30,156 if single; up to \$45,234 if married filing jointly
Illinois	Yes	100 percent
Indiana	Yes	Up to \$5,000
Iowa	Yes	Up to \$6,000
Kansas	Yes	100 percent
Kentucky	Yes	State calculation - The total annual government retirement payments are multiplied by a fraction, determined using the number of full or partial years of service after January 1, 1998, divided by the total number of full or partial years of service
Louisiana	Yes	100 percent
Maine	Yes	Up to \$6,000
Maryland	Yes	Up to \$5,000
Massachusetts	Yes	100 percent
Michigan	Yes	100 percent
Minnesota	No	-
Mississippi	Yes	100 percent
Missouri	Yes	75 percent
Montana	Yes	Up to \$3,600
Nebraska	No	-
New Hampshire	Yes	100 percent
New Jersey	Yes	100 percent
New Mexico	No	-
New York	Yes	100 percent
North Carolina	Yes	For persons with five years of service as of August 12, 1989, 100 percent of military retirement pay is exempt; up to \$4,000 exempt for other persons
North Dakota	No	-
Ohio	Yes	100 percent
Oklahoma	Yes	Greater of 75 percent or \$10,000
Oregon	Yes	9 percent credit
Pennsylvania	Yes	100 percent
Rhode Island	No	-

State <sup>1</sup>	Income Tax Exemption for Veterans' Retirement Compensation	Amount of Exemption
South Carolina	Yes	Up to \$3,000 for persons under age 65; up to \$10,000 for persons age 65 and older; National Guard and reserve components pension and retirement income is 100 percent exempt
Tennessee	Yes	100 percent
Utah	No	-
Vermont	No	-
Virginia	Yes	100 percent for persons awarded the Congressional Medal of Honor
West Virginia	Yes	Up to \$22,000
Wisconsin	Yes	100 percent

<sup>1</sup>Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not collect personal income taxes.

#2014



Join Now Login

Home | eNewsletters | Contact Us

Search MOAA



[Take Action](#) | 
 [Access Member Benefits](#) | 
 [Connect with MOAA](#) | 
 [Chapters](#) | 
 [Publications](#) | 
 [Media Center](#) | 
 [About MOAA](#)

# Retention Trouble Looming?

October 31, 2014

Senior Army leaders and some members of Congress are beginning to express concern that a confluence of factors could seriously hamper recruiting and retention in the coming years.

The services have routinely met or exceeded recruiting and retention goals over the past decade, but the current drawdown may be masking a growing problem.

Recent history illustrates some of the potential impacts that a drawdown and compensation cuts can have on recruiting and retention.

During the last major drawdown in the 1990s, the services significantly reduced their recruiting and retention goals which in turn made it easier for them to achieve them. But years of military pay caps created a 13.5 percent pay gap with the private sector, out-of-pocket housing costs rose to 18 percent and REDUX cut retired pay by 25 percent.

By the late 1990s these cuts coupled with a booming economy led the services to experience serious difficulties attracting and retaining the quality personnel that they needed. To meet their needs the services were forced to use expensive bonuses, and Congress eventually responded to the crisis by reversing compensation cuts.

The services may now be repeating this dangerous mistake. In a typical year the Army fills almost half of its annual recruiting needs through the Delayed Entry Program (DEP), but in 2015 only 30 percent of recruiting needs will be filled through DEP.

According to Maj Gen Allen Batschelet, commanding general of US Army Recruiting Command, 40 percent of Army recruits never finish their first term. About 15 percent of enlistees fail to make it through initial-entry training, and another 25 percent leave the service during their first permanent duty assignment.

A growing economy, continued military pay and compensation cuts, retirement reform, increasing operational tempo with a smaller force, the perception of limited career prospects, and other societal changes may challenge the Army's ability to recruit and retain the best and brightest servicemembers.

The return of sequestration in FY 2016 would force even deeper cuts. MOAA will continue to educate members of Congress on the need to maintain parity with the private sector to avoid harming recruiting and retention in the future.

## Why Should You Join?

MOAA members have access to services specifically designed for them.



[Serving in Uniform](#) | 
 [Retired Still Working](#) | 
 [Spouse & Family](#) | 
 [Enjoying Retirement](#) | 
 [Survivors](#)

[Home](#) | [About Us](#) | [Contact Us](#) | [Privacy Policy](#)

Connect with us



© Copyright 2014 Military Officers Association of America  
MOAA is the nation's largest and most influential association of military officers.  
It is an independent, nonprofit, politically nonpartisan organization.

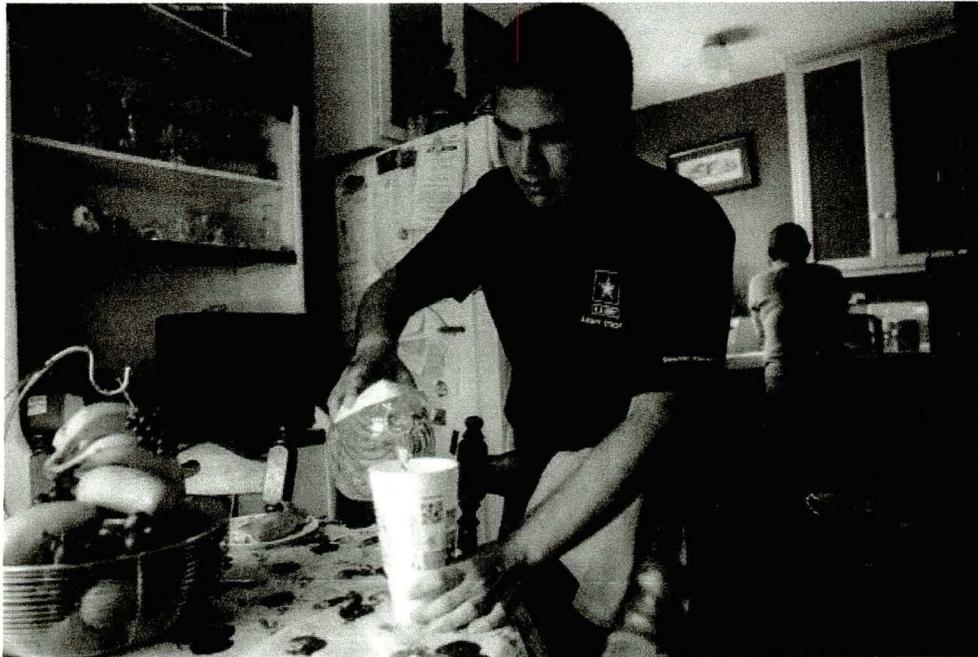
201 N. Washington St., Alexandria, Va. 22314  
(800) 234-6622

Recruits' Ineligibility Tests the Military  
More Than Two-Thirds of American Youth Wouldn't Qualify for Service, Pentagon Says

By MIRIAM JORDAN

June 27, 2014 6:59 p.m. ET

#20.21



David Monzon, who lost over a hundred pounds and plans to join the Army, pours a cup of water after jogging near his home in Los Angeles. *Patrick T. Fallon for The Wall Street Journal*

More than two-thirds of America's youth would fail to qualify for military service because of physical, behavioral or educational shortcomings, posing challenges to building the next generation of soldiers even as the U.S. draws down troops from conflict zones.

The military deems many youngsters ineligible due to obesity, lack of a high-school diploma, felony convictions and prescription-drug use for attention-deficit hyperactivity disorder. But others are now also running afoul of standards for appearance amid the growing popularity of large-scale tattoos and devices called ear gauges that create large holes in earlobes.



Brittany Crippen, from Fort Worth, Texas, was disqualified because of a tattoo on the back of her neck. *Mei-Chun Jau for The Wall Street Journal*

A few weeks ago, Brittany Crippen said she tried to enlist in the Army, only to learn that a tattoo of a fish on the back of her neck disqualified her. Determined to join, the 19-year-old college student visited a second recruiting center in the Dallas-Fort Worth area and was rejected again.

Apologetic recruiters encouraged her to return after removing the tattoo, a process she was told would take about year. "I was very upset," Ms. Crippen said.

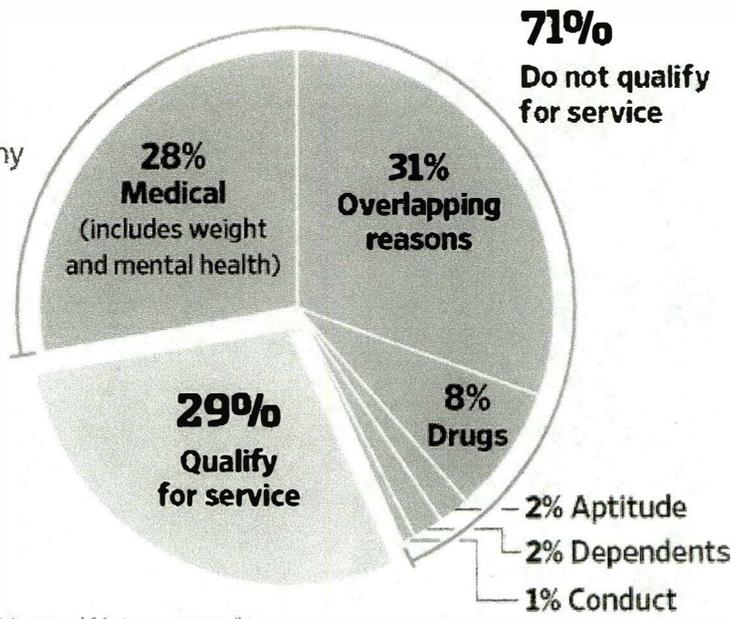
The military services don't keep figures on how many people they turn away. But the Defense Department estimates 71% of the roughly 34 million 17- to 24-year-olds in the U.S. would fail to qualify to enlist in the military if they tried, a figure that doesn't even include those turned away for tattoos or other cosmetic issues. Meanwhile, only about 1% of youths are both "eligible and inclined to have a conversation with us" about

#2722

military service, according to Major Gen. Allen Batschelet, commanding general of U.S. Army Recruiting Command.

## Turned Away

Pentagon estimates for why 17- to 24-year-olds wouldn't qualify for the military, excluding cosmetic reasons.



Note: Figures don't add up to 100 due to rounding  
 Source: Department of Defense, QMA Study 2013

## U.S. Army's enlistment requirements\*

- Between 17 (with parental consent) and 34 years of age
- Scored a minimum of 33 out of 99 on Armed Forces Qualification Test, which assesses English, math, science and cognitive skills
- No felony convictions
- No persistent illegal drug use
- No insulin-dependent diabetics
- Meet height/weight standards for age group
- U.S. citizen or foreign national with legal status
- No tattoos on fingers, neck or face
- No ear gauges
- No ADHD medication in past 12 months
- High school diploma or GED with some college credits

\*Doesn't include all requirements, and some can be waived at the Army's discretion.

The Wall Street Journal

Comparable data aren't available for earlier years because the Pentagon began tracking eligibility only recently. But experts said seniors graduating from high school this year face the longest odds to qualify for military service since the draft was abolished in 1973.

"The quality of people willing to serve has been declining rapidly," said Gen. Batschelet. Each year, about 180,000 young men and women successfully volunteer for America's active-duty forces. An additional 110,000 join the services' reserve and National Guard units. Individual services manage their own recruiting and have the authority to grant waivers to applicants who don't meet broad standards. When the military faced escalating foreign engagement in recent years, recruiting standards were loosened: In 2007, only 79% of those who enlisted in the Army had completed high school, compared with 90% in 2001, while the Army also accepted recruits with more excess body fat during the height of the Iraq war. "We have not adopted a zero-defect mentality. We evaluate each applicant from a whole-person perspective," said Nathan Christensen, a Defense Department spokesman, who added that military services have been meeting their recruiting targets in recent years.

#20.23

## Recruits' Ineligibility Tests the Military - WSJ

To some degree, that has been aided by enlistment bonuses. From 2000 to 2008, the Defense budget for enlistment bonuses more than doubled to \$625 million, and it jumped more than 50% to \$1.4 billion for selective re-enlistment bonuses, according to a Rand Corp. analysis.

Obesity, the single biggest reason for disqualifying new recruits, and other obstacles, such as poor educational attainment, led 90 retired military leaders in 2009 to form Mission: Readiness, a nonprofit aimed at raising awareness and seeking solutions. The group has lobbied state and federal officials to improve nutrition in schools and expand access to early education.

"We're trying to make decision makers see this is a national-security matter—and they need to prioritize it," said retired Major Gen. Allen Youngman. In the past, he said, "a drill sergeant could literally run the weight off a soldier as part of the regular training program," but now, "we have young people showing up at the recruiter's office who want to serve but are 50 or more pounds overweight."

About a quarter of high-school graduates also can't pass the Armed Forces Qualification Test, which measures math and reading skills, Gen. Youngman said. "They aren't educationally qualified to join the military in any capacity, not just the high-tech jobs," he said.

U.S. Army First Sgt. James Sawyer, who heads recruiting across a swath of Los Angeles County, said tattoos have become the most common cosmetic reason that applicants are disqualified. The Army already banned tattoos on the face, neck and fingers, but according to regulations in effect May 1, soldiers also can't have more than a total of four visible tattoos below the elbows and knees, and tattoos must be relatively small. The goal of the tattoo rules is to maintain a professional-looking Army, Sgt. Sawyer said. He added that "the average person in California has a tattoo."

Gabby Guillen, director of tattoo removal at Homeboy Industries, a Los Angeles nonprofit that provides services to former gang members, said that "on a daily basis, people come in saying they don't qualify for the military because of their tattoos. They have visible tattoos. Sometimes it's behind the neck area, on the hands, face, ears."

Sgt. Sawyer's El Monte, Calif., recruiting center serves towns with a total population of 325,000 people. It enlists 10 to 15 people a month. "A lot of times, we don't even get to the interview stage," said the sergeant on a recent afternoon as some would-be soldiers dropped in.

One young man showed up with two gaping holes in his earlobes, the result of wearing ear gauges. "Come back when they're closed," the recruiter said, after jotting down the applicant's information.

David Monzon, a 23-year-old East Los Angeles man, said he had long wanted to join the Army but wasn't able to enlist after graduating; at 5 feet 6 inches tall, he weighed 300 pounds. After researching weight-loss programs, Mr. Monzon eliminated pizza, chili-cheese fries and other fatty foods from his diet, and he began riding his bike everywhere.

In February, Mr. Monzon walked into the recruiting center weighing 210 pounds. Sgt. Sawyer told him he was impressed but that he still needed to drop a few more pounds.

"I was pretty confident I would make it," Mr. Monzon said. He did. Now 190 pounds, Mr. Monzon is heading to South Carolina for basic training in September.

Ms. Crippen, meanwhile, said she was still considering whether to remove her fish tattoo, the only one of four tattoos she has that is problematic. "My parents said they'll pay for it, but right now I really don't know what I'll do," she said. "My tattoo isn't offensive."

**Write to Miriam Jordan at [miriam.jordan@wsj.com](mailto:miriam.jordan@wsj.com)**

# The Bad Lands Cow Boy Will Be Back On The Streets Of Medora Next Summer



Vol. 1, No. 1 of the Bad Lands Cow Boy.

As winter was setting in to the Badlands in late 1883, a young easterner looking for adventure lugged a big old printing press off the train in Medora and began publishing a newspaper, the *Bad Lands Cow Boy*. In his first edition, printed February 7, 1884, A.T. Packard announced that the principal mission of the newspaper was “to print the best cattle paper in the Northwest and to preach King Cattle to all men.”

Acknowledging financial realities, he announced on the front page of the paper “The Cow Boy is not published for fun but

for \$2 per year . . . If a subscriber should happen to be out of cash, furs of all kinds at the highest market price will be taken in payment. They are as good to us as money.”

The paper achieved some notoriety in its short existence. Like many other Badlands ventures, it disappeared after the long “winter of the blue snow” in 1886-1887, the winter which killed most of those “cattle of the Northwest,” and ended the ranching careers of many of the ranchers who owned them, including a fellow easterner named Theodore Roosevelt, who had arrived here about the same time as Packard and established a ranch on the Little Missouri River. A fire destroyed the newspaper’s office that winter, and Packard, like many of

the other residents, including Roosevelt, left Medora.

The Theodore Roosevelt Medora Foundation is pleased to announce that the *Bad Lands Cow Boy* will resume publication in the summer of 2015. The Foundation has recently received permission to use the newspaper’s name, thanks to the generosity of Badlands horseman and historian Wally Owens.

At the outset, the paper will be published twice weekly and will be available on the streets of Medora. The paper’s headquarters will be at the *Medora Musical* Ticket and Information Office across the street from the Chuckwagon in downtown Medora.

Our plans are to tell the history of Medora and “Little Missouri Country,” as Packard called it, using the files of the original Cow Boy and other reference materials, and to provide up-to-date news about activities in and around Medora to keep residents and visitors to Medora informed about things to do and see here.

The inspiration for the resurrection of the paper came from one of our summer volunteers, Kim Bonewit. Kim’s a retired college professor from Ohio, but is a Jamestown College graduate who has maintained his interest in North Dakota and Medora, and returns each summer to volunteer a week or two of his time. Kim will work with our Medora staff to provide content for the paper. We will hire an editor for the paper each summer, possibly a journalism student from one of our universities.

Medora has a proud history, and we are happy to be able to continue to provide our visitors a glimpse of that history. The *Bad Lands Cow Boy*, Generation 2, will help us do that.

## Find the Good Life in North Dakota

By Randy Hatzenbuehler, TRMF President

One of my good responsibilities outside of Medora is serving on the North Dakota Economic Development Foundation. When it was formed in 2001, its primary focus was to create new jobs within our state. Today, making sure the state has the workforce to meet the growing needs of North Dakota’s robust economy is front and center. The Foundation has launched the “Find the Good Life in North Dakota” campaign which uses targeted marketing and event strategies to attract potential new residents to North Dakota for careers in engineering, healthcare, energy, skilled trades, transportation and information technology. That’s marketing agency lingo for “we are excited to let the world know how wonderful North Dakota is, and there are great jobs here and an exceptional quality of life for those who choose to make this place their home.”

Medora plays a role in the success of that campaign. Daily in Medora we meet people who are new North Dakotans. The Badlands, Bully Pulpit, the *Medora Musical* and the peaceful setting that is Medora just always exceeds anything they imagined. It helps them “Find the Good Life in North Dakota.” Research consistently shows that good jobs bring people to our great state; but it is the quality of life that will keep them here. Elsewhere in this newsletter, Bill Sorensen wrote about his experience with “Chicago Boyz” in Medora this summer – said another

way, he was just writing about the quality of life we enjoy in Medora and North Dakota.

“We’re a state with great schools, friendly people, supportive and safe communities, arts and entertainment, tremendous outdoor recreation and, of course, great job opportunities,” said Wally Goulet, chairman of the North Dakota Economic Development Foundation. “In the end, our goal is to ensure our state has the workforce it needs to take full advantage of the opportunities we have all worked so hard to create and foster.”

The campaign is also placing an emphasis on attracting veterans and active military transitioning to civilian life and employment. It is estimated that 250,000 service men and women will be exiting the armed forces in the coming years and the campaign will invite them to start their next career in North Dakota.

Why would I take space in the TRMF newsletter to write about “Find the Good Life” campaign? We like that it is targeting veterans and active military. North Dakota has good jobs for them. In Medora we are enjoying visitation growth because of the many new people who are calling North Dakota home. And finally, the campaign is promoting North Dakota – the same thing we have been doing for fifty years!

For more information on the program visit:  
[www.findthegoodlifeinnorthdakota.com](http://www.findthegoodlifeinnorthdakota.com).

