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November 2, 2021

The Honorable Senator Ben Hueso  
303 H St #200  
Chula Vista, CA 91910

**Subject:** Military retirement income tax

Dear Senator Hueso,

On behalf of the San Diego Regional Chamber of Commerce (Chamber), I am writing to express support for exempting military retirement from California income taxes. As the largest local Chamber on the west coast and home to the largest military community in the nation, we are committed to supporting policies that promote veterans retention in San Diego and improve economic competitiveness in the region.

Veterans have traditionally represented a significant proportion of the civilian workforce in San Diego County, however, the proportion of veterans in the workforce have steadily declined over the past decade. From 2011 to 2019, veterans workforce participation decreased from 9.2 percent of San Diego's workforce to 6.2 percent. Research by [Point Loma Nazarene University](#) and the San Diego Military Advisory Council cite high housing costs, unfavorable tax conditions and reduced employment opportunities as factors driving veterans out of California.

California is one of the only states in the nation that does not offer a military retirement tax exemption in any form. Your previous bill, SB 1007, addressed ending military retirement taxation as a valuable tool to retain veterans in California. Fiscal impacts estimate an initial state tax revenue loss of \$46 million, which would be offset by an increase of \$46.1 million through state sales taxes. After ten years of implementation, models project that state revenue would increase to \$70.4 million. Ending military retirement taxation in California would incentivize retirees to continue to contribute to our regional economy, and send a message of respect and gratitude to our service members.

It is for these reasons the Chamber supports legislation ending military retirement taxation in California, and we appreciate your continued dedication to supporting our veterans and their families. Should you have any questions, please do not hesitate to contact Summer Bales, Policy Coordinator, at [sbales@sdchamber.org](mailto:sbales@sdchamber.org).

Sincerely,

A handwritten signature in black ink, appearing to read 'JS', with a stylized flourish at the end.

Jerry Sanders  
President & CEO  
San Diego Regional Chamber of Commerce