



**California Council of Chapters of MOAA (CALMOAA)  
 AB-46: Uniformed Services Retirement Pay and Survivor Benefits  
 Personal Income Tax Exclusion for California**

**Introduced by Assemblymembers *Ramos, Mathis, and Soria***  
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**Senators *Archuleta, Atkins, Dahle, Dodd, Grove, Jones, Menjivar, Newman, Nguyen, Ochoa Bogh, Seyarto, and Wilk***

**SUMMARY**

CALMOAA Sponsored Assembly Bill 46 which excludes uniform services (this includes the National Guard) with 20 or more years of service and Survivor Benefit Plan (SBP) annuity payments received by a Military Surviving Spouse from California taxes beginning on or after January 1, 2024, and before January 1, 2034. Providing a state income tax exclusion to retirees of the uniformed services not only signifies the gratitude of Californians for these men and women who chose to serve our country, it also benefits the state and local economies by helping to retain skilled and motivated individuals in California.

Between 2013 and 2023 the nation's population of military retirees has increased by 5%. California, during this period, was one of the few states that saw a reduction in the number of military retirees. California had a decline of 13% in the state's military retiree population. During the same period, Nevada showed a gain of 10% and Arizona a gain of 7%. Both states fully exempt military retirement from state taxes. California's Surviving Spouse population decreased by 26%. These declines in California's military retiree and surviving spouse populations have a negative impact on federal funds that flow into California.

Military retirees, who retire at an average age in their early 40s, have spent the last 20 years serving our country as Medical Professionals, STEM roles, Life Sciences, National Security experts, Engineers, Aviation Maintenance, Space Force Professionals, Vocational Trades, and more provide the state with a valuable workforce. Military retirees are ready from the first day of retirement to enter numerous professions in CA where there is a shortage of candidates.

Recent studies conducted by the San Diego Military Advisory Council and others agree that retaining Uniformed Service retirees in California provide a valuable workforce and economic development tool for California. These studies also show that military retirees and Surviving Spouses generate millions of dollars in general tax revenue for the state's economy from their 2nd careers.

In a 2015 report to the Governor, the Governor's Military Council stated many veterans choose to move to other states. While some portions of these individuals are simply returning to their home state, others leave California based on concerns about our state's cost of living or because they are attracted to incentives provided by other states for veterans. State leaders should explore appropriate ways to incentivize veterans to stay in California.

**PROBLEM**

California is the only state that does not offer a personal income tax exemption to retiree military and surviving spouses. Currently, a top issue for employers in California is attracting and maintaining a qualified workforce. Approximately 60,000 high-tech jobs are unfilled. Uniformed Service retirees are highly skilled, often in areas requiring technical and management expertise. These men and women often continue to be valuable assets to our schools, local charities, and non-profit organizations. Substantial new federal funds are infused into the state and local economies not only from retirement pay, but also from the full taxation of their second careers. These retirees may also qualify for federal veterans' benefits, which further bring new monies into the state.

**SOLUTION**

AB 46 recognizes the vital services these uniformed service members contribute to our nation and seeks to extend a state benefit to those who served for twenty years, which is the retirement age for these organizations. This bill also recognizes our state National Guard and their services to our state especially during these trying times during the pandemic.

**STATUS**

- Referred to Senate Committee on Governance and Finance

**FOR MORE INFORMATION**

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