

February 27, 2025

LD 366

"An Act to Ensure Consistency of Income Tax Deductions for Retired Members of the Uniformed Services"

Chairwoman Grohoski, Chairwoman Cloutier, and Honorable Members of the Taxation Committee. My name is Alan Echt, I volunteer for the Commissioned Officers Association of the U.S. Public Health Service, and I am a past member of their Board of Directors. I am a retired USPHS officer, my wife was born and raised in Portland, and we sent our oldest kid to Colby College. My wife and I live in Ohio, and we sometimes talk about returning to Maine when she retires. Ohio fully exempts my USPHS retirement pay from state income tax.

I am testifying in support of LD 366, "An Act to Ensure Consistency of Income Tax Deductions for Retired Members of the Uniformed Services." Maine currently tax-exempts the military pensions of retired members of the Army, Navy, Marine Corps, Coast Guard and Air Force, neglecting those retirees who served in the other three U.S. uniformed services. This bill represents an opportunity to not only correct that disparity for Maine veterans who served in the Space Force, NOAA Commissioned Officer Corps, and Public Health Service Commissioned Corps, but it is also an opportunity to attract retired professionals to Maine. NOAA Corps officers are highly trained engineers and scientists. Currently, one active-duty NOAA Corps officer serves in Maine and four retirees live here. Public Health Service veterans are all degreed professionals – nurses, physicians, pharmacists, scientists, veterinarians, engineers, and members of other professions. There are currently seven active-duty USPHS officers serving in Maine and 32 USPHS retirees call Maine home.

Those NOAA Corps and USPHS retirees typically have other income sources that Maine can tax, resulting in additional revenue. Also, they will not increase the burden on other state programs such as Medicaid, since they are all eligible for TRICARE coverage and many also qualify for VA healthcare. Among Maine's neighbors, Massachusetts fully tax-exempts the retirement pay of all eight uniformed services and Vermont offers a partial income tax deduction. New Hampshire doesn't tax earned income.

LD 366 represents a simple policy amendment for the Taxation Committee that will ensure fairness for all Maine Veterans. Thank you for your thoughtful consideration of this important policy initiative, and for all you do for the State of Maine.

CAPT (Ret) Alan Echt, USPHS, MPH, DrPH, CIH