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L.D. 366, "An Act to Ensure Consistency of Income Tax Deductions for Retired Members of the Uniformed Services"

Joint Standing Committee on Taxation

Thursday February 27, 2025

Chairwoman Grohoski, Chairwoman Cloutier, and Honorable Members of the Taxation Committee:

My name is Brad Farrin and I serve Senate District 3. I am here today to present LD 366, "*An Act to Ensure Consistency of Income Tax Deductions for Retired Members of the Uniformed Services.*"

This past fall I was made aware made of a limitation under Maine's current tax exemption statute for retired military pay. Currently the statute exempts retired military pay for five of the eight federally-recognized uniformed services: Army, Navy, Air Force, Marine Corps and Coast Guard. It excludes Space Force, National Oceanic and Atmospheric Administration, (NOAA) and United States Public Health Service (USPHS) which, in turn, would be a deterrent for these retired military members to select Maine as a place to retire. Currently, 38 states fully exempt all Uniformed Services military retired pay from state tax; Maryland is introducing legislation this year. There are approximately 33 retirees from NOAA and the USPHS currently living in Maine.

I urge the Committee to support LD 366. This is a bill that will not only bring fairness to our retirees who have served in Space Force, NOAA, and Public Health Service but create an opportunity to attract professional retirees to Maine. These retirees are generally in their prime working years (30s-50s) and have other income that Maine will be able to tax resulting in increased revenue for the state.

LD 366 represents a simple policy amendment for the Taxation Committee that will ensure fairness for our Uniformed Services Retirees and make Maine a more desirable home for this group of retirees. Thank you for your consideration of this important policy initiative.