



**California Enlisted Association**  
National Guard of the United States  
PO Box 785 Folsom, CA 95763



October 25, 2023

Governor Gavin Newsom  
1021 O Street  
Sacramento, California 95814

Governor Newsom:

California is the only state in the nation that does not provide an exemption on military retirement pay from state income taxes. California is home to the largest active-duty military population in the nation and has over 30 military installations in California. California ranked 2nd in Defense spending in 2022 and dropped to 3rd, behind Texas in 2023. Department of Defense spending was reduced by approximately a billion dollars from 2022 to 2023 as the state's military retiree population continues to decline.

In addition, our military retirees play a vital role in a state's workforce development. Military retirees bring a skilled workforce with over 20 years of experience helping to fill critical professions throughout California. They also contribute to California's economy through taxes paid on their 2nd careers and spouses' income.

The Nation's military retiree population has grown over the last decade (4%), but during that same period, California has experienced a decline in the state's military retiree population. Retiring military members and their family members are making the tough decision to leave California and live in another state where their retirement dollar goes further. This also includes career California National Guardsmen who faithfully served the State of California and choose to move to any another state where retirement benefits are better than California's. As California's military population continues to decline, California loses out on billions of Departments of Defense and Veterans Administration funds that follow military retirees to other states. Arizona and Nevada who both exempt 100% of military retirement from state income taxes have experienced an increase in their military retiree population and an increase in Department of Defense and Veterans Administration funding.

AB 46, Exemption of Military Retirement from State Income Taxes, introduced by Assemblymember James Ramos was unanimously passed by the State Assembly and has received strong bipartisan support in the California Senate.

28 State Veterans Organizations, local governments, PORAC, SDMAC and Chambers of Commerce have come out in support of exempting military retirement from state income taxes, and I hope you will join them.

I am asking that you support AB 46 and ensure funding in the 2024 budget process.

Appreciatively,

Joshua J. Baker  
President, CAL-EANGUS  
Director, EANGUS