



Military Officers Association of America
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The
SOUTHERN MARYLAND
NEWSLETTER



2007-2009-2010-2012-2013-2014

March 2015

President's Corner

Ladies and Gentlemen,

So glad we're starting to turn the corner toward spring, it seemed like winter was never going to end! Our February meeting at the Ruddy Duck was great - we had some "unfamiliar faces" show up to the meeting, which is always good. A big thanks to LTC Jack Fringer, USA (RET), for doing such a great job putting together the support for the veteran pension bill in the Maryland state legislature. LTC Fringer testified on a panel, along with a large group of veterans, in both houses. I took a turn at the microphone as well, providing testimony from the active duty perspective. We're getting great media coverage, with the Calvert Recorder picking up stories about the bill and our chapter. I was interviewed over the phone by a Wall Street Journal reporter who is looking to file a national story about the issue. We're hoping the article comes out soon so as to provide more pressure on the state legislature. [The article is now out, see the end of the newsletter, Editor] That's all for now, I look forward to seeing you on March 21 at Charlotte Hall Veterans Home. If you've never been before, it is nothing like any other senior center you've ever seen. And if you have been, it's time to go back! Join us there!

Very respectfully,
CDR Phil Campbell, USN.

March Meeting

Our next Chapter meeting is Saturday, 21 March at 1200 at the Charlotte Hall Veterans' Home (CHVH - www.charhall.org). Ms. Carole Lewis, CHVH Volunteer Coordinator & one of the Medicaid Specialist at CHVH, will be on hand to give an update. It will also be an opportunity to present the home with financial donations from our Chapter, the Maryland Council of MOAA (mdmoaa.org), and the National Society of the Colonial Dames of America (nscda.org),

We will start at 1200 at CHVH's main facility reception desk. Once assembled, we will have lunch by going to the residents' dining hall & lunch line. After we get our lunch from the line, we will then go to a separate area of the dining room for lunch and for our meeting. For the meeting's program, Carole has agreed to give us an update of the facilities and the programs offered at CHVH. Following lunch and our meeting, Carole will have a tour arranged for those of us who would like to view or re-visit the facilities provided our Veterans at the Home.

CHVH is located at 29449 Charlotte Hall Road, Charlotte Hall, MD 20622 (located on the west side of MD Route 5 about 1 mile south of Charlotte Hall Shopping Center & Farmer's Market). Please notify CDR Greg Dalke know if you plan to attend by Thursday 19 Mar so he can get a headcount (301-373-3889 or

dalke@olg.com). Cost of the meal is \$5 per person, payable at the meeting.

Legislative Update

At the local level, Governor Hogan sponsored bills in both the Senate and House to exempt military retired pay from state income tax. The bills (SB 0592/HB 0482) have been heard by the assigned committee and are waiting committee action. There are sample letters to the legislative leaders responsible for these bills on the MDMOAA website: mdmoaa.org. We need to present "One Strong Voice" in support of these bills, so please go to the website and make your voice heard. It is not too late!

Annual Chapter Dues

Our annual Membership Renewal Campaign is underway. Thanks to those who have sent in your dues. I will make a second and final mailing the end of March to catch up with the stragglers. Dues are still only \$15 for Regular Members (active duty, retired and former officers) and \$5 for Auxiliary Members. We don't have a "Lifetime" membership program like national MOAA does, but if you would like to pay for a year or two in advance, that would be greatly appreciated. If you have any

questions, contact Tony Blankenship at (410) 414-8211 or tonyblank@aol.com.

2015 SoMD MOAA Chapter Calendar

(Details subject to change)

21 Mar 1200 Chapter Mtg - CH Veterans' Home program @ Charlotte Hall

18 Apr 1130 - Board Mtg – Planning @ Ruddy Duck

16 May 1200- Chapter Mtg – JROTC

Recognition @ Adam's Ribs

13 Jun 1730 - Chapter Mtg – Blue Crabs Baseball @ Stadium

18 Jul 1200 – Board Mtg – Planning @ Maison des Fringers

TBD Aug – Chapter Mtg – Program TBD @ TBD

19 Sep TBD – Chapter Mtg - Benefits Info Program @ Pax Naval Test Museum

17 Oct TBD – Board Mtg – Holiday Planning @ Pax Naval Test Museum

14 Nov 1300 – Chapter Mtg – Holiday Celebration @ Café Des Artistes, Leonardtown

08 Dec TBD – Board Mtg – 2016 Planning Session @ location TBD

States Vie to Lure Military Retirees

Proposed tax breaks on veteran pensions aim to attract skilled workers; Critics cite lost revenue



Navy Commander Phil Campbell, in the background at center, joins veterans last week at a Maryland Senate committee hearing in Annapolis about a proposal to exclude military pensions from state taxes. He says a shift might dissuade him from moving to Tennessee when he retires.

PHOTO: T.J. KIRKPATRICK FOR THE WALL STREET JOURNAL

By

SCOTT CALVERT

March 11, 2015 6:10 p.m. ET

With a surge of retirements expected as the nation's armed forces contract after two wars, lawmakers in 19 states are seeking to create or expand income-tax breaks for military pensions in hopes of attracting highly skilled veterans.

More than 65 such bills are pending in statehouses, according to the National Conference of State Legislatures, an uptick from recent years. Last year, Iowa enacted a full exemption and Nebraska a partial break for recent military retirees.

The plans face some resistance from critics who say states can't afford the loss of revenue. Others question the fairness of giving veterans special breaks unavailable to most retirees.

Nationwide, nearly 2 million military retirees received pensions as of September, Defense Department figures show. The federal government taxes the pensions of non-disabled veterans as ordinary income, generally at a much higher rate than the states that tax them, and Washington isn't expected to offer breaks anytime soon.

In Maryland, Philip Campbell, a 42-year-old Navy commander based in Annapolis, hopes his state soon joins the ranks of states that don't tax any military pension income. Currently, only the first \$5,000 is excluded.

He expects to retire next year and move his family to Tennessee, which doesn't tax most personal income. Once he starts drawing his roughly \$50,000-a-year military pension, he plans to launch a second career in management consulting. But he might stay put if Maryland lawmakers approve a full exemption. "The decision gets a lot harder," he said. The change would save him \$3,000 a year, he estimated.

Maryland Gov. Larry Hogan, a Republican elected last fall, is pushing for a total exemption. Although similar measures have stalled for years, this is the first time a governor has made the pitch, said Delegate Sheila Hixson, a Democrat who chairs the state's House Ways and Means Committee. Even so, she said, "it comes down to money."

State legislative analysts project that exempting military pensions would cost Maryland \$34 million a year and local governments \$22 million a year. More than 50,000 veterans in the state get pensions, and many have found second careers in the area's large federal contracting sector.



Iowa Gov. Terry Branstad, shown speaking to the Iowa Legislature in Des Moines in January, pushed for a full state tax break for military pensions last year. *PHOTO: ASSOCIATED PRESS*

The Army, the largest armed-services branch, had roughly 500,000 soldiers last fall, and the Pentagon projects a drop to 450,000 by fall 2018. The move to shrink the military is coming under scrutiny, though, as the U.S. steps up its fighting against Islamic State militants in the Middle East.

Active-duty service members can draw a pension after 20 years, and they have many residency choices to shield that pay. Nearly half of all states don't tax military retirement pay or don't tax personal income generally, and 20 states partially exempt military pensions, in some cases with minimum-age requirements, the National Conference of State Legislatures said.

Seven states offer no exemption. They span the nation from Rhode Island to North Dakota and California, which has one of the largest populations of military pension recipients at roughly 150,000, according to the Defense Manpower Data Center.

About 19% of a typical cohort of military entrants attains 20 years of active-duty service and become eligible for a pension, according a 2014 Defense Department report.

Exemption backers say focusing on lost tax dollars ignores the myriad economic benefits of retaining and recruiting veterans. Proponents say the policies also acknowledge veterans' sacrifices.

In Minnesota, state Sen. Paul Gazelka said he hopes a projected state budget surplus will finally ease passage of his full-exemption proposal. The state now offers a \$750 tax credit. Mr. Gazelka, a Republican, said his state is at a competitive disadvantage because two neighbors, Iowa and Wisconsin, don't tax military pensions.

A recent analysis by Minnesota legislative researchers didn't reveal a disadvantage. It found that Wisconsin's military retiree population hasn't changed much in percentage terms, compared to Minnesota's, since 2001, when Wisconsin enacted its full exemption.

Last year, Iowa moved from a partial tax break to a full exemption at Republican Gov. Terry Branstad's urging. He said the message to veterans in their 40s and 50s is: "Listen, we have some very attractive professional jobs in Iowa. We won't tax your pension."

Kevin White, a recently retired Army major living in Ames, Iowa, figures he will save about \$2,700 a year, a welcome boost with two children nearing college age. Mr. White, 45, decided to stay in Iowa, where he has a new job as a project manager. The expanded pension tax break "helped make the decision, but it wasn't the main factor," he said.

The exemption is expected to cost Iowa \$9 million a year. Mr. Branstad considers that "well worth it" in a \$7 billion state budget.

But Iowa legislator Bruce Hunter opposes giving military retirees preferential treatment. Instead, he thinks all forms of pension pay should go untaxed—for lower-income individuals. "Let's give tax breaks to people that really need it," said Mr. Hunter, a Democrat and one of only two state representatives who voted against the exemption bill.

In Rhode Island, state Rep. Robert Craven Sr., a Democrat, has a bill to make all retirement income tax-exempt, military and non-military, but only for those 65 and over. He said younger military retirees are less likely to need such a break because they have many working years left.