



County of Monterey

Board of Supervisors

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May 11, 2026

The Honorable Sabrina Cervantes
Senate Appropriations Committee
State Capitol, Room 412
Sacramento, CA 95814

Re: SB 1407 (Archuleta) - Personal Income Tax Law: exclusions: military retirement pay: survivor benefit pay - SUPPORT

Dear Chair Cervantes,

The County of Monterey is pleased to write in support of SB 1407, which would expand existing personal income tax exclusions for military retirement pay and DoD Survivor Benefit Plan annuity payments by raising the eligible income cap from \$20,000 to \$80,000, indexing the taxpayer income limitations to inflation, and extending both exclusions through taxable year 2037.

From 2010 to 2021, the veteran retiree population grew by 17% in the United States. California was one of only five states to experience a decrease in military retiree population, seeing a 14% reduction in the number of military retirees. Between 2010 and 2022, California lost over 24,000 military retirees, resulting in a recurring loss of more than \$700 million annually in federal retirement and survivor payments that would otherwise flow through California's economy.

Prior to 2025, California was the only state to fully tax military retiree pay. California now only exempts the first \$20,000 with income limits of \$125,000 for single filers and \$250,000 for joint filers. However, 27 states do not tax military retirement pay. California's current tax structure discourages long-term service and drives away mid-career leaders, weakening our state's ability to meet homeland defense, wildfire, disaster response, and civil support missions.

By exempting military retirement pay for retirees, this bill ensures California retains these highly skilled professionals and keeps the reinvestment of federal dollars and wages from second careers, this bill will incentivize retirees to stay in California.

For these reasons, the County of Monterey is pleased to support SB 1407. Should you have any questions regarding our position please contact Senior Policy Advisor, Ashley Walker at 916-930-7780.

Sincerely,

Wendy Root Askew, Chair
Board of Supervisors