



# **BOB ARCHULETA**

— CA STATE SENATOR • 30<sup>TH</sup> DISTRICT —

**For Immediate Release**

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## **Senator Bob Archuleta introduces SB 1407 excluding military retirement pay and survivor pay from personal gross income under the Personal Income Tax Law**

**Sacramento, CA – Senate Bill 1407**, authored by **Senator Bob Archuleta** (D-Pico Rivera), co-authored by **Assemblymember Pilar Schiavo** (D-Santa Clarita), **Senator Steven Choi** (R-Irvine) and co-sponsored by State Treasurer **Fiona Ma**, CPA and the **San Diego Military Advisory Council (SDMAC)**, will exclude military retirement pay and income from personal gross income. SB 1407 seeks to incentivize veterans to stay in California and seek second careers guaranteeing their further investment into the state's economy while supplying our highly skilled workforce.

“For too long our veterans have been faced with a difficult decision: stay in this beautiful state while struggling to make ends meet with rising costs of living or move to a state that financially incentivizes them to join their labor force and feed federal dollars into their economy,” said Senator Archuleta, Chair of the Senate Committee on Military and Veterans Affairs and U.S. Army veteran. “I’ve heard from far too many of my brothers and sisters who say California has become too expensive for them to live and say a tax exemption on their retirement pay would be the determining factor on whether they stay or leave.”

“Those who have served our nation deserve a state that serves them in return. By exempting military retirement and survivor pay from personal income tax, California is honoring that sacrifice in a tangible way,” said Treasurer Fiona Ma, CPA. “Military retirees bring proven leadership and critical skills to our workforce, and our state offers opportunity, strong local economies, world-class education, and communities where families can thrive. California is stronger when those who defended our freedoms choose to build their next chapter here.”

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.

“After years of hard work, we took an important first step toward making military retirement more affordable by exempting the first \$20,000 of military pension income from state taxes starting in 2026,” Assemblymember Schiavo said. “Now it’s time to finish the job and fully exempt military retirement and survivor pay so veterans can continue building their lives and careers right here in California. As service members transition into civilian roles that are critical to our workforce and our communities, this legislation helps ensure they can afford to stay, work, and raise their families in our state, where they’ve served. As Chair of the Assembly Committee on Military and Veterans Affairs, I’m proud to co-author SB 1407 to support our veterans and take meaningful action to address affordability in California.”

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. As retention challenges grow, we must recognize that fiscal policy plays a role in long-term

enlistment decisions. Aside from their federal retirement, retiree households can contribute \$50,000 to \$100,000 in annual taxable income.

Rear Adm., U.S. Navy (Ret.) David Boone, SDMAC President and CEO states, “SB 1407 is a responsible measure that honors those who served, and allows our brave men and women a fighting chance to actively participate and contribute in California’s economy.”

“Veterans staying in California will pay sales, property, and use taxes, benefiting local governments” said Senator Archuleta, “by exempting military retirement pay for retirees, SB 1407 will ensure California retains these highly skilled professionals and keeps the reinvestment of federal dollars and wages from second careers.”

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*Senator Bob Archuleta currently represents the 30th Senate District, which includes portions of Los Angeles County and Orange County. He is the Chair of the Senate Committee on Military and Veterans Affairs, and a member of the following Standing Senate Committees: Business, Professions and Economic Development Committee, Government Organization Committee, Transportation Committee, as well as the Joint Legislative Committee on Emergency Management. Senator Archuleta also sits on the Senate Special Committee on International Sporting Events: Olympics and World Cup Soccer. Website of Senator Bob Archuleta: <https://sd30.senate.ca.gov/>*