INCOME TAX EXEMPTIONS FOR VETERANS' RETIREMENT COMPENSATION

This memorandum provides information regarding income tax exemptions in other states for veterans' retirement compensation. The schedule below identifies which states exempt veterans' retirement compensation from income taxes and the amount of the exemptions.

State[1]	Income Tax Exemption for Veterans' Retirement Compensation	Amount of Exemption
Alabama	Yes	100 percent
Arizona	Yes	Up to $2,500
Arkansas	Yes	Up to $6,000
California	No	-
Colorado	Yes	Up to $24,000
Connecticut	Yes	50 percent
Delaware	Yes	Up to $2,000 for persons under age 60; up to $12,500 for persons age 60 and older
Georgia	Yes	Up to $35,000
Hawaii	Yes	100 percent
Idaho	Yes	Up to $30,156 if single; up to $45,234 if married filing jointly
Illinois	Yes	100 percent
Indiana	Yes	Up to $5,000
Iowa	Yes	Up to $6,000
Kansas	Yes	100 percent
Kentucky	Yes	State calculation - The total annual government retirement payments are multiplied by a fraction, determined using the number of full or partial years of service after January 1, 1998, divided by the total number of full or partial years of service
Louisiana	Yes	100 percent
Maine	Yes	Up to $6,000
Maryland	Yes	Up to $5,000
Massachusetts	Yes	100 percent
Michigan	Yes	100 percent
Minnesota	No	-
Mississippi	Yes	100 percent
Missouri	Yes	75 percent
Montana	Yes	Up to $3,600
Nebraska	No	-
New Hampshire	Yes	100 percent
New Jersey	Yes	100 percent
New Mexico	No	-
New York	Yes	100 percent
North Carolina	Yes	For persons with five years of service as of August 12, 1989, 100 percent of military retirement pay is exempt; up to $4,000 exempt for other persons
North Dakota	No	-
Ohio	Yes	100 percent
Oklahoma	Yes	Greater of 75 percent or $10,000
Oregon	Yes	9 percent credit
Pennsylvania	Yes	100 percent
Rhode Island	No	-

State[1]	Income Tax Exemption for Veterans' Retirement Compensation	Amount of Exemption
South Carolina	Yes	Up to $3,000 for persons under age 65; up to $10,000 for persons age 65 and older; National Guard and reserve components pension and retirement income is 100 percent exempt
Tennessee	Yes	100 percent
Utah	No	-
Vermont	No	-
Virginia	Yes	100 percent for persons awarded the Congressional Medal of Honor
West Virginia	Yes	Up to $22,000
Wisconsin	Yes	100 percent

[1]Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not collect personal income taxes.