

Dear Minnesota Legislator,

Based on conversations and written exchanges I have had with some of you on the topic of pending legislation, SF 1668 and HF 2091, (I may have mistakenly stated SF 1396 rather than SF 1668 in previous writings and I apologize), it appears there may be confusion as to precisely what the existing disparity SF 1668 and HF 2091 would resolve. Please allow me to explain;

I am a lifelong Minnesota resident and a military veteran, having served in the U.S. Marine Corps from 1977-1981. I am also a retired federal civil servant, having been employed with the Department of Justice from 1987-2002 and following the terrorist attacks on September 11, 2001, employed as a Federal Air Marshal from 2002 until my retirement from federal law enforcement service in 2009. When a person that is a veteran begins federal civil service employment and if they are a veteran there is a provision with the Office of Personnel Management (OPM, which is the agency that administers federal civil service pensions) that allow a veteran to pay back a percentage of their military earnings. If a person chooses to pay back those years of military service, the years of military service is then used in the computation when determining a federal civil service pension should that person retire from federal civil service. In my instance, I did choose to pay back the required percentage of my military earning's, thusly those four years of military service were then used when OPM computed my pension under the Federal Employee's Retirement System (FERS). In essence the annual pension I receive includes 4% more pension compensation based on my military service. Had I not been a veteran or chosen not to pay back the required percentage to have my military service credited I would not be receiving that additional 4%. This provision with OPM applies to employee's covered under both the Federal Employee's Retirement System (FERS) and those under the Civil Service Retirement System (CSRS).

During the 2015-2016 Minnesota Legislative Session bills SF 40 and HF 299 were introduced and passed that granted a subtraction for military retirement pay. The legislation specifically states; "to the extent included in federal taxable income, compensation received from a pension or other retirement pay from the federal government for service in the military as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733."

When I learned of this legislation I thought the 4% of pension compensation I receive from OPM based on my military service could be excluded when filing Minnesota income tax. Before subtracting that 4% I wanted to be sure it met the criteria for the deduction and I wrote to my then Senator Lourey, Representative Rarick and the Minnesota Department of Revenue to inquire if indeed I could deduct the additional 4% pension compensation based on my military service. The response I received from the Department of Revenue was that since the 2015 legislation was specific in stating "pension received as computed under United States Code, title 10" was a subtraction and the FERS pension I receive or a CSRS pension is computed under United States Code, title 5 and thusly could NOT be deducted.

I felt that it likely was not the intent of that legislation to create a disparity that excluded Minnesota veteran's like myself from this deduction and began writing, emailing and calling various legislators asking that legislation be passed to resolve the disparity. I think it would be only be fair that if a career veteran could deduct their military pension compensation then ANY Minnesota veteran receiving pension compensation based on their military service should be allowed to deduct that amount, 4% in my case.

During the 2018 Minnesota legislative session SF 3548 and HF 3934 were introduced that specifically would have resolved the disparity but action was NOT taken. During the 2019 Minnesota legislative session SF 1396 and HF 1730 were introduced that would have resolved the disparity and again action was NOT taken. During the 2021 Minnesota legislative session the current bills, SF 1668 and HF 2091 were introduced that if passed would resolve the disparity. SF 1668 had a hearing by the Senate Tax Committee and was adopted for possible inclusion in the tax omnibus bill. Since neither bill went forward for a vote on the floor of either chamber I urge you and your colleagues, regardless of party affiliation, to support passage of this legislation that would finally resolve the disparity and treat ALL Minnesota veterans who receive pension compensation based on their

military service equally! Six years of excluding some Minnesota veterans from this deduction is too long to allow it to continue. On behalf of the proud Minnesota veterans who served sacrificially and with honor I urge you to pass this pending legislation. I hope this provides some understanding that the proposed legislation would resolve.

Thank you for your service to the citizens of the GREAT STATE OF MINNESOTA!

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