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Minnesota House of Representatives

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TO: Interested persons

FROM: Nina Manzi, Legislative Analyst (651) 296-5204

RE: Military retirees as percentage of state population, with historical comparison of Minnesota, Wisconsin, and Iowa data

This memo presents background information on military retirees as a percentage of state population, and also compares the percentages in Minnesota, Iowa, and Wisconsin from 2001 to 2013. Wisconsin began exempting military retirement pay from individual income tax in 2001, and Iowa in 2014. Megan Jaunich, a research assistant in House Research, obtained data and assisted in preparing this memo.

The first table shows the number and percentage of all military retirees in each state, and also military retirees as a percentage of state population, ranked from highest to lowest. The data on military retirees is taken from the Department of Defense (DOD) Actuary's *Statistical Report for FY 2013* and represents individuals who receive retirement pay from the DOD¹. The state population data are estimates from the U.S. Census Bureau. The total includes all military retirees who receive retirement pay from the DOD, including those who live outside the United States. Nationwide, military retirees make up slightly more than one-half of one percent of the population; in Minnesota, military retirees make up 0.32 percent of the population.

Military Retirees by State, as of September 30, 2014			
	Number of Military Retirees	Percentage of All Military Retirees	Percentage of State Population
Virginia	148,308	7.53%	1.78%
Alaska	9,690	0.49%	1.32%
Alabama	56,601	2.87%	1.17%
Hawaii	16,429	0.83%	1.16%
South Carolina	55,412	2.81%	1.15%
Washington	68,552	3.48%	0.97%

¹ Military retirees who receive only disability retirement pay are paid by the Department of Veterans' Affairs, not DOD. Disability retirement is exempt from federal and state income tax, and retirees who receive only disability retirement pay are excluded from the analysis in this memo.

New Mexico	20,065	1.02%	0.96%
Nevada	27,247	1.38%	0.96%
Florida	181,916	9.23%	0.91%
Colorado	48,690	2.47%	0.91%
Delaware	8,461	0.43%	0.90%
South Dakota	7,660	0.39%	0.90%
Wyoming	5,135	0.26%	0.88%
Georgia	88,602	4.50%	0.88%
North Carolina	87,127	4.42%	0.88%
Oklahoma	33,684	1.71%	0.87%
Mississippi	25,999	1.32%	0.87%
Maryland	51,195	2.60%	0.86%
Montana	8,632	0.44%	0.84%
Maine	11,191	0.57%	0.84%
Arkansas	24,064	1.22%	0.81%
Idaho	12,918	0.66%	0.79%
Tennessee	51,189	2.60%	0.78%
Arizona	52,350	2.66%	0.78%
Nebraska	13,726	0.70%	0.73%
Kansas	20,413	1.04%	0.70%
Texas	188,535	9.57%	0.70%
North Dakota	5,005	0.25%	0.68%
New Hampshire	8,943	0.45%	0.67%
Total retired	1,970,816		0.62%
Kentucky	26,335	1.34%	0.60%
Missouri	35,264	1.79%	0.58%
Vermont	3,551	0.18%	0.57%
West Virginia	10,169	0.52%	0.55%
Utah	15,724	0.80%	0.53%
Louisiana	24,351	1.24%	0.52%
Oregon	19,158	0.97%	0.48%
Rhode Island	5,071	0.26%	0.48%
California	149,490	7.59%	0.39%
Iowa	11,901	0.60%	0.38%
Pennsylvania	47,305	2.40%	0.37%
Ohio	42,310	2.15%	0.36%
Indiana	23,353	1.18%	0.35%
Wisconsin	19,683	1.00%	0.34%
District of Columbia	2,244	0.11%	0.34%
Minnesota	17,365	0.88%	0.32%
Michigan	26,620	1.35%	0.27%
Connecticut	9,559	0.49%	0.27%
Illinois	33,913	1.72%	0.26%
Massachusetts	17,078	0.87%	0.25%
New Jersey	17,873	0.91%	0.20%
New York	35,453	1.80%	0.18%

The second table shows military retirees as a percentage of state population for Minnesota, Wisconsin, and Iowa, as well as for the United States as a whole, from 2001 to 2014. Wisconsin enacted an income tax exemption for military retirement pay, effective in 2001, and Iowa did the same effective in 2014. While the data only extend through 2014, they provide a comparison over time between the three states and the nation as a whole. Nationwide, the share of the population made up of military retirees has increased from 0.60 percent in 2001 to 0.62 percent in 2014. Each of the three states experienced a small increase in military retirees as a percentage of the overall population from 2001 to 2012, with the percentage remaining constant from 2012 to 2014. In Minnesota military retirees as a percentage of state population increased from 0.28 percent in 2001 to 0.32 percent in 2014, Wisconsin from 0.28 percent to 0.34 percent, and Iowa from 0.31 percent to 0.38 percent. Military retirees made up 0.28 percent of the population in both Minnesota and Wisconsin in 2001, the first year of Wisconsin’s income tax exemption for military pay. In 2006 Wisconsin’s share moved ahead of Minnesota’s and has remained slightly higher since. These differences are very small; if Minnesota had increased at the same rate as Wisconsin, Minnesota would have had about 1,000 more military retirees than it does. Both states have lower percentages than Iowa throughout the time period. In addition, Iowa had a slightly faster growth rate than either Minnesota or Wisconsin although Iowa did not provide an exemption for retirement pay during the period the data covers.

Military Retirees as a Percentage of State Population				
	Minnesota	Wisconsin	Iowa	U.S.
2014	0.32%	0.34%	0.38%	0.62%
2013	0.32%	0.34%	0.38%	0.62%
2012	0.32%	0.34%	0.38%	0.62%
2011	0.32%	0.33%	0.37%	0.62%
2010	0.31%	0.33%	0.37%	0.62%
2009	0.31%	0.32%	0.37%	0.62%
2008	0.30%	0.32%	0.36%	0.62%
2007	0.30%	0.31%	0.35%	0.62%
2006	0.29%	0.30%	0.34%	0.61%
2005	0.29%	0.29%	0.33%	0.61%
2004	0.29%	0.29%	0.33%	0.61%
2003	0.28%	0.28%	0.31%	0.59%
2002	0.28%	0.28%	0.31%	0.60%
2001	0.28%	0.28%	0.31%	0.60%

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cc: Megan Jaunich, Joel Michael, Cynthia Templin