

[Insert Date]

[Insert Title & Name]

[Insert Office/Government Body]

[Insert Address Line 1]

[Insert Address Line 2]

Dear [Insert Governor McCrory, Senate President Pro Temp Berger, Speaker Moore],

On behalf of more than 300,000 military, federal, state and local public-service retirees from across North Carolina, we are writing to urge you to keep North Carolina's promise to *all* of our military and government retirees by exempting their pensions from state income tax. This action will not only fulfill North Carolina's responsibility to these retired public servants, but will also prove an excellent investment in North Carolina's economy and will underscore the state's reputation as one of the most military-friendly states in the nation.

As you are aware, a court settlement in North Carolina known as the "Bailey Settlement" exempts *certain* military and other public-service retirees from paying state income taxes on their retirement benefits. The Bailey Settlement is the result of North Carolina breaking its promise in the past to *not* tax the pensions of these retirees; yet, the settlement only restores the state's promise to *some* of them (those with five or more years of service on Aug. 12, 1989). This is an unfair tax policy that effectively creates two classes of retirees.

Additionally, it is also an unwise tax policy that denies North Carolina significant economic benefits, including thousands of jobs and increases in consumer spending, GDP, local capital, new home construction, and local sales and property tax revenues. In fact, an economic analysis performed by an independent economist for The 4th Branch – a coalition of groups representing military, federal, state and local public-service retirees – shows a benefit-to-cost ratio of 2.5 to 1. For example, the analysis shows that if North Carolina had exempted the pensions of all public-service retirees from state income tax in 2007, the year the Great Recession began, it would have created 3,600 jobs and increased the state's output by nearly \$400 million in the first year alone!

North Carolina should keep its promise to *all* of those who have fought for our country and dedicated their careers to public service by terminating the state income tax on their pensions. It is the right and fair action to take, will stimulate North Carolina's economy, will make the state more military-friendly, and is congruent with the ongoing mission to lower state taxes. We look forward to working with you to make this important policy goal a reality in our state.

Respectfully yours,

Mitch Leonard, State Chairman

Tom Hobgood, Federal Chairman

[Insert additional signatories/organizations.]