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retirement benefit.

SENATOR CORNETT: Yes, sir.

SENATOR CHAMBERS: So they combine the military retirement with the amount of the wage or salary.

SENATOR CORNETT: They're not combined; they are tied together, though.

SENATOR CHAMBERS: For what purpose?

SENATOR CORNETT: For what purpose? For the money that they earn at the second job. We've tied them together so the state would not have a net loss. So for every \$2 they earn in the...over \$40,000 in this field, they receive a \$1 exemption off of their state income tax on their federal retirement only.

SENATOR CHAMBERS: So they're double-dipping when it comes to the exemption as they're double-dipping by getting retirement plus a salary, if I understand you correctly.

SENATOR CORNETT: They...

SENATOR CHAMBERS: They're going to get an exemption based on the salary and they're also going to get an exemption on their retirement amount. They will get an exemption on both amounts.

SENATOR CORNETT: No, they will only receive an exemption on their military retirement. Their wage that they receive by returning to the workplace is fully taxable.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: The wage is fully taxable. Are they going to make more money through their wages or salary than the amount they receive through their retirement?

SENATOR CORNETT: It depends on what level they retire at.

SENATOR CHAMBERS: And the committee was not willing to just