

Prepared by: Ken Ross, Agency Legislative Coordinator

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HB 2230: Military Subtractions

What the concept does:

The concept proposes to condense and clarify the language that allows individuals to subtract military pay from Oregon taxable income.

Background:

Oregon law provides the following subtractions for Oregon resident members of the military:

ORS 316.680(1)(c)(A) allows a subtraction for all pay for active duty or inactive duty training, up to \$6,000 regardless of location.

ORS 316.680(1)(c)(B) allows a subtraction for active duty pay while stationed outside Oregon for the year of initial enlistment or discharge.

ORS 316.789 allows a subtraction for active duty pay earned outside Oregon until the President terminates activities in the Persian Gulf Desert Shield area.

ORS 316.791 allows a subtraction for military pay for Guard members or reservists while away from home for at least 3 consecutive weeks.

Over the past several years, the department has encountered many instances where there has been confusion regarding the military subtraction statutes and the associated rules. There are several reasons for this confusion, but chief among them is that many of the terms used in the statutes are outdated, ambiguous or both.

Specific changes / clarification (no change in current practice):

1. Uses term "military pay" – (further clarifies that weekend drill pay is eligible for subtraction)
 - a. active and inactive duty
 - b. Title 10 and Title 32 status
2. Includes term "uniformed services" (in addition to "armed forces")
 - a. This term has been in our administrative rule since 1969
 - b. Does include National Oceanic and Atmospheric Administration
3. Changes reservist requirement from "3 consecutive weeks" to 21 consecutive days