

SB 178 STAFF MEASURE SUMMARY

Senate Committee On Veterans, Emergency Management, Federal and World Affairs

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Meeting Dates: 3/28, 4/4

WHAT THE MEASURE DOES:

Requires the Department of Veterans Affairs to study and make recommendations for policy proposals for the tax treatment of military pensions. Requires the Department to submit a report to an appropriate committee or interim committee of the Legislative Assembly no later than January 1, 2025. Sunsets on January 2, 2025.

NOTE - LFO requests that measure be referred to Committee on Ways and Means

FIS: "Fiscal Lite" statement issued

RIS: No revenue impact

ISSUES DISCUSSED:

- Department of Defense military pensions and benefits
- How other states tax military pensions

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Twenty-one states exempt military pensions from state income taxes, and Oregon is one of sixteen states that partially tax military pensions. Oregon does not tax federal pensions for military service occurring before October 1, 1991. If a member served both before and after that date there is a partial tax on their federal pension and pensions attributable to military service after October 1, 1991, are taxable.

Senate Bill 178 requires the Department of Veterans Affairs to study and make recommendations for policy proposals for the tax treatment of military pensions. It requires the Department to submit a report to an appropriate committee or interim committee of the Legislative Assembly no later than January 1, 2025.