

HB 2305 STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

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Meeting Dates: 4/14

WHAT THE MEASURE DOES:

Expands Oregon income tax subtraction for military pay by allowing subtraction for military pay received by an Oregon National Guard member while in active service of the state or on state active duty. Applies to tax years beginning on or after January 1, 2021. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

ORS 399.065(1) provides the Governor the power, in case of invasion, disaster, insurrection, riot, breach of the peace, or imminent danger thereof, to order into active service of the state for such period, to such extent and in such manner as the Governor may deem necessary all or any part of the organized militia. ORS 399.075 allows the Adjutant General, with the approval of the Governor, to order members of the organized militia to state active duty as defined in the Oregon Code of Military Justice. While on state active duty, members of the Oregon National Guard are to receive pay at least equal to the pay and allowances of their corresponding grades in the U.S. Armed Forces.

Under existing law, Oregon allows a subtraction from taxable income for military pay. Taxpayers may subtract all military pay if received for service performed outside the state in the year of initial draft, enlistment, or in the year of discharge, or for service performed outside the state during any month beginning on or after August 1, 1990 and before the date designated as the date of termination of combatant activities in the Persian Gulf. Members of the National Guard and other reserve components may subtract all military pay if the pay is for service performed when taxpayer is away from home for 21 days or longer. All remaining military pay may also be subtracted, up to \$6,000. Military pay earned by active-duty armed forces in combat zones is exempt from federal and state taxation.