

**SB 178 STAFF MEASURE SUMMARY**

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

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**Action Date:** 04/04/23

**Action:** Do pass and requesting referral to Ways and Means.

**Vote:** 5-0-1-0

**Yeas:** 5 - Linthicum, Manning Jr, President Wagner, Thatcher, Woods

**Exc:** 1 - Gorsek

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

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**Meeting Dates:** 3/28, 4/4

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**WHAT THE MEASURE DOES:**

Requires the Oregon Department of Veterans' Affairs (ODVA) to study and make recommendations for policy proposals for the tax treatment of military pensions. Requires ODVA 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.

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