

Senate Bill 540

Sponsored by Senators SOLLMAN, MEEK; Senators FINDLEY, KNOPP, Representative LIVELY (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Exempts from state income for taxpayers 62 years of age or younger receiving retirement pay or pension for service in Armed Forces of the United States up to \$17,500 in retirement pay or pension received for service in Armed Forces of the United States and up to \$17,500 in retirement pay or pension received from other sources.

Applies to tax years beginning on or after January 1, 2023.

A BILL FOR AN ACT

Relating to taxable income exemption for military taxpayers.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2023 Act is added to and made a part of ORS chapter 316.

SECTION 2. (1) As used in this section, "Armed Forces of the United States" includes the regular and reserve components of the Army, Navy, Air Force, Marine Corps, Coast Guard and Space Force of the United States and the National Guard.

(2) There shall be subtracted from federal taxable income for a taxpayer who is 62 years of age or younger on or before April 15 of the calendar year in which the return is filed and whose federal taxable income includes retirement pay or pension for service in the Armed Forces of the United States:

(a) Up to \$17,500 in retirement pay or pension received for service in the Armed Forces of the United States; and

(b) Up to \$17,500 in retirement pay or pension received from other sources.

(3)(a) The total amount subtracted under subsection (2)(a) of this section may not exceed the taxpayer's total retirement pay or pension received for service in the Armed Forces of the United States included in the taxpayer's federal taxable income for the tax year.

(b) The total amount subtracted under subsection (2)(b) of this section may not exceed the taxpayer's retirement pay or pension received from other sources included in the taxpayer's federal taxable income for the tax year.

SECTION 3. Section 2 of this 2023 Act applies to tax years beginning on or after January 1, 2023.

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.