

Submitter: Ben Van Meter

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure: SB540

I was born and raised in Eugene where I also attended the University of Oregon. I'm completed the Army Reserve Officer Training Corps (ROTC) program at the University of Oregon and commissioned as a U.S. Army Officer. I've been on active duty for nearly 20 years now, which is the typical milestone for Army members to consider retirement. I'll be 42 years old at the point, so I have plenty of time to start a whole new chapter. What will that chapter look like and where will I start that new chapter? Many future retirees will be faced with the same question and often times the answer comes down to everything from job opportunities to the tax environment. My own situation made me concerned that the State of Oregon is missing out on an opportunity regarding retired military personnel at the macro level. Most military retirees are between 38 and 42 years old (depending on when they first joined the military). A significant incentive for military personnel to remain on active duty until retirement is that they are immediately eligible to draw a pension rather than waiting until they are 65 or older. At 38-42 years old, these individuals are still well within their prime and the vast majority start another career of some kind. This could be continued public service, joining companies within the private sector, or starting a business. There's even programs to help military retirees and veterans start or assume farms. So, there's many resources to help military retirees with whatever career field choices they decide to make. Freshly retired military personnel have a wide range of skills that they have developed during their service (information technology/cyberspace, avionics, personnel management, etc). From a talent perspective, these are the types of personnel that are highly sought after by industries and academia - which are the types of individuals Oregon should want to attract or bring back to the state. However, Oregon faces two disadvantages in attracting these personnel to the state. The first is that it does not have a military base and the second is that Oregon is one of 21 states that deliberately taxes military pensions. This serves as a deterrent for attracting military retirees. For example, rather than Oregon, a military retiree could move to Washington where there are multiple military bases (therefore access to resources on the base), no state income taxes, and significant job prospects. It would make more sense to attract a skilled workforce that will immediately contribute to the private sector, public sector, or as a teacher in our school system somewhere. All that said, this is why I approached my state representative about pursuing a bill that would address Oregon placing itself at a disadvantage by coming up with some type of tax incentive for anyone with a military pension to draw more of these skilled individuals to the state with a vast amount of resources at their disposal to start businesses, contribute to the education system, etc. This is NOT about special treatment for veterans or military members. For military retirees that come to the state, Oregon will still draw tax revenue from

their individual and/or business incomes produced within the state as well as property taxes. A tax incentive on military pension as stated in SB 540 is easy win with a multitude of positive second and third order effects. \$17,500 is a good start, but I will note that the Maryland is currently considering their “Keep Our Heroes Home Act” that except up to \$40,000 in taxes because they realize that the economic benefit of military retirees will make up for the lost state income. Our beautiful state needs to bring its own military veterans and retirees home – as well as attract new residents – to put their skills, experience, and resources to work for a robust economy – which will benefit all of the citizens of Oregon.