



## **SB 540: Veterans' pension income should be taxed like all pension income**

Senate Committee on Finance and Revenue – Bennett Minton – 3/22/2023

Chair Meek, Vice Chair Boquist, members of the committee:

I'm Bennett Minton, with Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code. We oppose the SB 515 and SB 540.

I fell into tax wonkdom on Capitol Hill in the 1980s. It's the biggest policy pond in Congress, because every interest group with representation in DC has an interest in who and how we tax.

That's the job you mediate. It still fascinates me, because the tax code is an expression of our values.

We have the general principle that income is income and should be so taxed, and we do so, slightly progressively. We have exceptions, in which we tax one kind of income differently than another. The question here is do we treat military pensions differently from the general approach.

With respect, you should be clear why you would.

In the prior hearing (February 2), witnesses said Oregon's taxation of military pensions may lead to a certain behavior: either leaving the state or not coming to it.

A \$17,500 exemption is a tax savings of \$1531/year at the 8.75% rate. Someone is going to move or not move for \$1500? Or, under the other bill today, an average of \$3000? Who is driven by those amounts to pull up stakes and go somewhere else?

My moving company charged me \$10,000 to move from Virginia five years ago. Never mind the other transaction costs.

And what is the context? If you are that tax-averse, you're looking at all the other taxes you pay in Oregon relative to another state. That's a complicated evaluation. I wouldn't do it, and I'm a tax nerd. But anyone who would is going to find tradeoffs in other states. Texas or Florida? They have no income tax, but they have high property and sales taxes. Etc. Virtually no one moves for tax reasons.

Are you doing it out of appreciation for veterans? Veterans did us great service—and Congress taxes their pensions.

***We read the bills and follow the money***

And unless we're speaking of some Vietnam-era veterans, they volunteered for the job. Just like everyone else. What's distinct about their service compared to retired teachers, or cops, other government workers? Where does that end?

Are you doing it because Georgia did something similar? If so, then you're in a race to the bottom. The bottom is an inequitable, chopped-up tax code that doesn't fund the services citizens demand. Because one interest caught your attention.

We appreciate the job you have, because every bill you consider represents your values.

We think this bill poorly represents ours as Oregonians.